Ministry of Agriculture Fisheries and Food and the Intervention Board

DEPARTMENTAL REPORT 1998



THE GOVERNMENT'S EXPENDITURE PLANS 1998-99

n 3904

This is part of a series of departmental reports (Cm 3902 to 3920) which, accompanied by the document *Public Expediture: Statistical Analyses* (Cm 3901), present the Government's expenditure plans for 1998-99.

Exceptionally, this year's departmental reports cover only one forward year (1998-99), instead of the three forward years that have been covered in previous departmental reports. The Government will announce its decisions on the spending objectives and plans for future years when its Comprehensive Spending Review has been completed.

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THE GOVERNMENT'S

EXPENDITURE PLANS

1998-99

1998

Departmental Report by the
Ministry of Agriculture, Fisheries and Food and the Intervention Board

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Minister of Agriculture, Fisheries and Food
and the Chief Secretary to the Treasury
by Command of Her Majesty
April 1998

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The Ministerial Team



The Minister of Agriculture, Fisheries and Food
The Rt Hon Dr Jack Cunningham MP

The Minister has overall responsibility for all issues and represents the UK at the European Union Council of Agriculture Ministers'.

The Minister of State and Deputy Minister
Jeff Rooker MP



The Minister of State oversees policies on food safety; food standards; meat hygiene; animal health (including BSE); pesticide safety; research; veterinary medicines and plant health. He is also the nominated "Green Minister".



Parliamentary Secretary (Commons)
Elliot Morley MP

Mr Morley oversees policies relating to fisheries; animal welfare; countryside matters, including agri-environment schemes and structural support; forestry and flood defence.

Parliamentary Secretary (Lords)
Lord (Bernard) Donoughue of Ashton



Lord Donoughue is the Department's spokesman in the House of Lords and oversees policies on agriculture and the CAP; production and trade in agricultural and horticultural commodities; external trade policy and regional administration (Mr Rooker answers for these issues in the House of Commons); food and drinks industry; marketing; competition issues; export provision and Departmental administration (Mr Morley answers for these issues in the House of Commons).

1. The work of this Department is part of the wider Government's drive to deliver on its manifesto commitments and to build a modern Britain and a fair society.

2. As Minister of Agriculture, Fisheries and Food my first priority was to place the health and well-being of consumers and the protection of the environment at the top of my agenda. I wanted MAFF to become a Department which was more open, outward looking and responsive; one able to regain public confidence that had been lost in the crises of recent years.

3. It has been a year of considerable progress and achievement within the Ministry:

a) We are taking a new approach to issues of food safety and food standards. We have published a White Paper on our proposals for a Food Standards Agency. The White Paper proposes a powerful, independent new body which will promote high standards throughout the food chain from the point of production to the point of consumption. With the Department of Health we have already brought together officials in a new Joint Food Safety and Standards Group.

b) We have developed open constructive dialogue with our European Partners, the Commission and the European Parliament. This new approach will get the best deal for Britain in Europe.

c) We have taken positive steps to combat BSE and to end the ban on the export of British beef. New proposals for exports have been submitted to the European Commission. We are establishing the most comprehensive cattle tracing service in Europe and are well on the way to completing the selective cull.

d) We are increasing openness and consumer information. Brand names of all products tested in MAFF surveys are now published. Hygiene assessment scores for individual abattoirs and meat plants are now also made public. Consumer representatives are being appointed to all MAFF advisory committees.

e) We are taking a lead on organic farming issues and have established a positive relationship with the organic farming movement. In 1997 I was the first UK Agriculture Minister to address the Soil Association's annual conference.

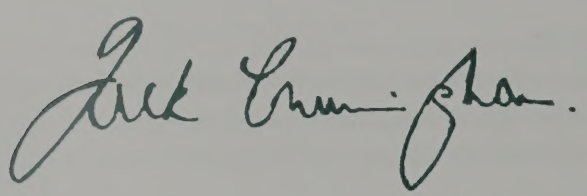
f) We have developed a constructive dialogue with the fishing industry on a range of issues affecting their future including decommissioning, enforcement and conservation. Fishermen will take more of the decisions which affect them and their communities.

g) We are promoting high standards of animal welfare. We secured agreement to the addition of a Protocol to the Treaty of Rome which recognises that animals are sentient beings and requires the policies of the EU to take account of their welfare. We are also undertaking a detailed assessment of the alternatives to quarantine for pets.

4. This Departmental Report reflects some of these changes but it is largely based on the priorities and commitments of our predecessors. In the coming year, as a result of our new priorities and the outcome of the Comprehensive Spending Review, changes will become more apparent and effective.

5. I have started a programme of organisational change within MAFF. In the coming months MAFF will be given an aim and new objectives which reflect our changing priorities. As public interest and debate grows on the future of agriculture and our rural communities, I want to see MAFF more positively involved in a wider range of countryside issues and concerns.

6. The new Labour Government understands the problems and concerns that people in rural communities – including farmers and landowners – have to face. With the continuing BSE crisis and the many other problems we have inherited it has been a demanding year for the Ministry. Officials at all levels have had to respond to these challenges and to the change of Government. They have done so with dedication and professionalism. My Ministerial colleagues, Jeff Rooker, Elliot Morley and Bernard Donoughue and I would like to thank them for the work they have done and continue to do in the vital task of reinvigorating, redirecting and strengthening this Ministry and its performance.



The Rt. Hon. Dr Jack Cunningham MP
Minister of Agriculture, Fisheries and Food

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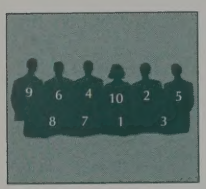
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The Ministry of Agriculture, Fisheries and Food Management Board

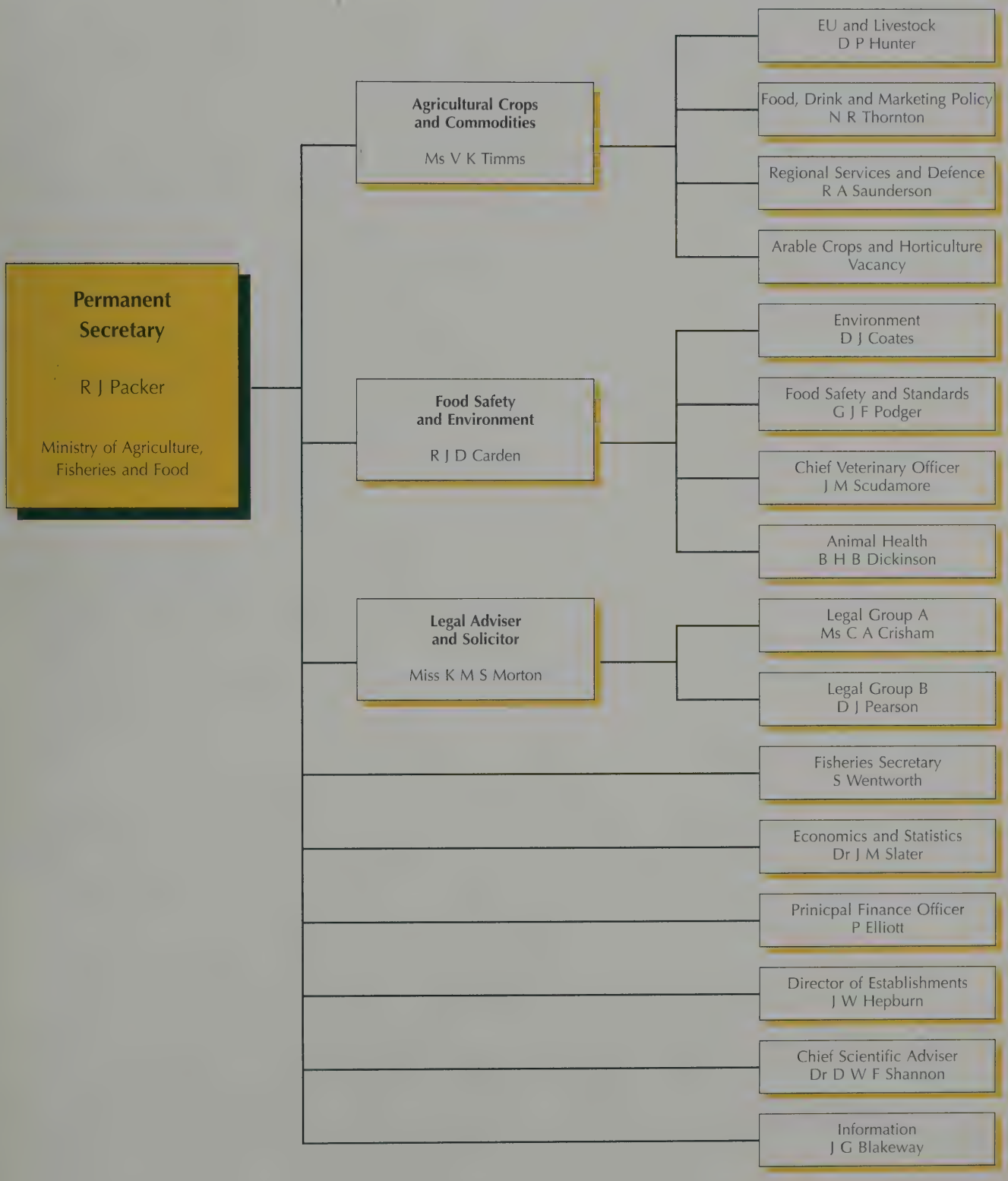
As at 1 March 1998



1 Mr Richard Packer, Permanent Secretary.
2 Mr Richard Carden, Deputy Secretary (Food Safety and Environment Directorate).
3 Ms Kate Timms, Deputy Secretary (Agricultural Crops and Commodities Directorate).
4 Dr John Slater, Head of Economics and Statistics Group.
5 Mr Jack Hepburn, Director of Establishments.
6 Dr David Shannon, Chief Scientist.
7 Mr Paul Elliott, Principal Finance Officer.
8 Miss Kathryn Morton, Legal Adviser and Solicitor.
9 Mr Brian Harding, Head of Financial Policy Division.
10 Mrs Jane Milne, Secretary to the Permanent Secretary and Secretary to the Board.

The photograph was taken in the refurbished Ministerial Conference Room in Nobel House.

Ministry of Agriculture, Fisheries and Food Organisational Chart, as at 1 March 1998



1.1 This is the eighth report of the Ministry of Agriculture, Fisheries and Food (MAFF) and the Intervention Board (IB). It reports on the year ending March 1998 and presents the Government's expenditure plans for these two Departments for the year 1998-99. It also provides a record of expenditure from 1992-93.

1.2 MAFF is primarily concerned with the food chain including the viability and profitability of the farming, food and drink, and fishing industries. It is also concerned with the related issues of public and animal health and a range of other issues, most notably the protection of the rural environment. The IB is primarily concerned with the administration of the Common Agricultural Policy (CAP) and it is the recognised UK body for the receipt and administration of the Guarantee Section of the European Agricultural Guidance and Guarantee Fund (EAGGF), which funds the CAP. **The two Departments are jointly accountable for approximately £4.5 bn [estimated outturn] of public expenditure in 1997-98 to meet these responsibilities, with the largest single item of expenditure being on the CAP.**

1.3 MAFF takes the lead in negotiating in the EU on the CAP. **The total cost of the CAP to the UK in 1997-98 is £3.5 bn.**

1.4 **The CAP generates significant costs to consumers and taxpayers**. Estimates made by the Organisation of Economic Co-operation and Development (OECD) suggest that, **in 1996, the cost of the CAP to UK consumers through higher food prices was around £5 billion**, when EU food prices are compared to world prices prevailing at the time. **The cost to UK taxpayers of financing CAP expenditure is estimated as an additional £4 billion**. Together, these costs are equivalent to £3 per person per week. Since offsetting gains by UK producers from CAP support are smaller than these costs, the CAP reduces national income.

1.5 MAFF takes the lead in negotiating in the EU on the Common Fisheries Policy (CFP). Although economically much less important than agriculture (GDP £637 million in 1996), the sector attracts considerable attention because of the poor state of many fish stocks and the need to apply a complex of management measures with the objective of ensuring the long term sustainability of the industry.

UK Presidency of the European Union (EU)

1.6 During the remainder of the first half of 1998 MAFF will continue to be heavily involved in the UK Presidency of the EU. Depending on the availability of Commission proposals, **priorities will remain the Council's negotiations on the Agenda 2000 package of CAP reforms, adopting the 1998 CAP price proposals, improving animal welfare, and, in the Fisheries Council, achieving improvements in the Common Fisheries Policy (CFP) including on enforcement and conservation.**

1.7 Six meetings of the Agriculture Council and two of the Fisheries Council are planned during the UK Presidency, as well as an informal meeting of Agriculture Ministers at Newcastle in May.

Territorial aspects including Devolution

1.8 At present domestic legislation to meet EU obligations is, in most cases, made jointly or concurrently between MAFF Ministers and the Secretaries of State for Scotland and Wales, and sometimes Northern Ireland; MAFF leads in drafting this legislation. MAFF has sole responsibility for implementation in some areas including aspects of animal health and pesticides, but in others the Agriculture Departments in Scotland, Wales and Northern Ireland have equivalent responsibilities; for example they have separate but compatible systems for the paying and checking of CAP subsidies. MAFF has lead responsibility for most schemes administered by the IB.

1.9 **From 2000 responsibility for many aspects of agriculture, fisheries and food will be devolved**. The Scottish Parliament will be able to make primary and secondary legislation in these areas; the National Assembly for Wales will have the power to make secondary legislation. The devolved bodies will, of course, need to see that the legislation they adopt and the ways in which they implement it are in line with EU and international requirements. Co-ordination between the devolved bodies and MAFF will be facilitated by serious, though not legally binding, agreements providing for exchanges of information, advance notification and joint working. The MAFF Minister will retain overall responsibility for EU negotiation with the Scottish Parliament and National Assembly being fully involved in the Government's decision making. The IB will continue to be the UK co-ordinating body in respect of EAGGF funding and control arrangements. *(See Programme IR2:06)*

Economic Background

1.10 The contribution to Gross Domestic Product (GDP) by agriculture and fisheries is 1.5% and these sectors account for 2.1% of the workforce (Table 1.1). However, if food and drink manufacturing and retailing, for which MAFF also has responsibility, are included, the total sector contributes some 8.5% to GDP and 12.0% of employment. In 1996, the UK exported food, feed and drink valued at £9.9 billion while imports amounted to £17.4 billion.

Table 1.1: Economic significance of MAFF/IB sponsored industries 1997

Category:	Gross Domestic Product		Employment
	£ billion	%	%
Food and Drink Manufacturing	16.0	2.5	1.6
Food and Drink Distribution	16.7	2.6	4.3
Catering	12.2	1.9	4.0
Agriculture	9.1	1.4	2.0
Fisheries	0.6	0.1	0.1
Total	**54.6**	**8.5**	**12.0**

MAFF's Aims, Sub-Aims and Programmes

1.11 MAFF's expenditure is categorised by Aim and Sub-Aim according to the purpose of the activity. MAFF's Aims and Sub-Aims have not changed since last year although they are presently being examined as an integral element of the Government's **Comprehensive Spending Review**. *(See Programme IR2:01).*

1.12 Within the present Aim/Sub-Aim structure there are 76 individual Programmes. There have been a few changes to the Programme structure since the last Report:

- (a) PP1:02 Milk Hygiene; the Programme has been renamed Food Hygiene and it now incorporates PP1:03 Meat Hygiene and the microbiological aspects of PP1:01 Food Safety.
- (b) PP1:04 BSE; the Programme has been renamed BSE and Scrapie and it now incorporates the expenditure on scrapie from CE3:01 Prevention and Control of Animal Diseases.
- (c) PP2:01 Brucellosis & Tuberculosis Eradication; the Programme has been renamed Zoonoses and it now incorporates PP2:02 Salmonella and other Zoonoses, and rabies and anthrax from CE3:01 Prevention and Control of Animal Diseases.
- (d) CE1:02 IACS; the Programme has been renamed CAP Schemes Management.
- (e) CE1:04 Five Year Set-Aside & Pilot Extensification Scheme; the Programme has been closed.
- (f) CE1:24 Milk and Milk Products; this Programme now includes IB receipts relating largely to sales and subsidies of butter and skimmed milk products for feed, transferred from CE1:02 IACS.
- (g) CE2:23 Agricultural Training, Labour and Finance;
 1) the Programme has been renamed Agricultural Resources and Better Regulation; and
 2) it now includes Regional Panels and Appointed Persons Hearings expenditure which transferred from CE3:02 Plant Health.

- (h) CE2:31 Fishery Structures; the Programme has been renamed Fisheries Structures and Markets and now incorporates CE2:33 Fish Marketing.
- (i) CE3:01 Prevention and Control of Animal Diseases; the Programme has been renamed Animal Disease Control and now incorporates CE3:03 Livestock Protection.
- (j) New Programme IR 2:06 Devolution Issues has been created.
- (k) Programmes EA1:08 Farming and Rural Conservation Agency and EA1:09 Centre for Environment, Fisheries and Aquaculture Science came into operation on 1 April 1997.

CHANGING MAFF

On taking office the Minister indicated that he intended to change the focus of the Department notably by aligning its priorities more closely with consumer and environmental interests.

Following a tender exercise, corporate identity consultants were appointed in November 1997 to advise on possible new names and presentation. A Project Team of officials has been set up to take the project known as **"CHANGING MAFF"**, forward. Work is progressing in line with the development of the Department's new aims and objectives in the Comprehensive Spending Review. The project is also closely linked with work being undertaken to gain accreditation under the Investors in People programme.

Bovine Spongiform Encephalopathy (Chapter 2)

1.13 A separate Chapter of this Report, immediately following the Introduction and Summary, draws together a consolidated account of progress on BSE control measures in the past year, and gives details about the Public Inquiry being conducted by Lord Justice Phillips. This provides an update to build on the equivalent Chapter in the 1997 Departmental Report and it uses a similar format to aid comparison. A full account of each measure is given in other Chapters under the relevant Programme entry; a list of the Programmes primarily affected is given at the end of Chapter 2. Details of expenditure are provided in the tables heading each of the affected Programme entries, and in Chapter 8. For 1998-99 there is a ring fenced provision of £84.8 million, of which £77 million is for running costs, for BSE related expenditure.

To protect the public (Chapter 3)

1.14 The Government was elected on a manifesto commitment to establish a **Food Standards Agency**, operating at arm's length from Government, with the essential aim of protecting public health in relation to food. Shortly before the General Election the Prime Minister asked Professor Philip James to provide outline proposals for the creation of such an Agency. Professor James' Report was published on 8 May 1997 and immediately circulated for a short period of public consultation.

1.15 Following this consultation, a White Paper setting out how the Government intended to give effect to Professor James' proposals was published on 14 January 1998 for further public consultation, following which legislation is now being drafted. The draft Bill itself is expected to be published for further consultation before being brought before Parliament.

1.16 Changes have been made in the meantime to prepare the way for the Agency and to introduce **greater openness and more consumer involvement** into the Department's work on food safety. Those staff in MAFF and the Department of Health most likely to be transferred into the Agency were brought together in September 1997 into one Group with a single head, although still reporting to the two Ministers according to statutory requirements. Consumer members are being added to advisory committees where not already present; and fuller information is being made available to the public, for instance through the publication of brand names in relation to products tested in food surveys, and of Hygiene Assessment System Scores for individual slaughterhouses and meat plants. *(See Programme PP1:01).*

1.17 Government measures to protect the public against the risk of BSE have been maintained and enhanced. Acting on the precautionary principle and on the basis of advice from SEAC and the Chief Medical Officer concerning the detection of BSE infectivity in the dorsal root ganglion, legislation was introduced on 16 December prohibiting the sale to the final consumer of **beef on the bone**. In addition, on 1 January, new measures were introduced which extended the definition of specified risk material (SRM) to cover spleen and spinal cord of sheep and goats and introduced a prohibition on imports of SRM from Member States and from third countries other than Australia and New Zealand. *(See Programme PP1:04).*

1.18 The programme for **raising hygiene standards in slaughterhouses** has been put into effect. This includes the implementation of the clean livestock policy, additional training for Meat Hygiene Service (MHS) staff, more rigorous enforcement of the prohibition on the health marking of faecally contaminated carcases, and the monthly publication of hygiene enforcement results. Individual plant hygiene assessment scores have been published from January 1998. *(See Programme PP1:02).*

1.19 Work to establish a computerised **Cattle Tracing System** for Great Britain is well under way. This enhances work already undertaken to register the birth or import of every bovine since 1 July 1996 and issue them with a Cattle Passport. The database already holds registration details of nearly five million animals. The CTS will record details of the birth, movement and death of all animals coming into the national herd after the system goes live and is due to commence operations in late summer 1998. *(See Programme PP1:04).*

1.20 The work undertaken to complete this next phase included the procurement of a site for the **British Cattle Movement Service** in Workington, Cumbria. Recruitment of the staff required for the start of operations (around two hundred of the eventual two hundred and sixty that will be needed) is under way. The project involves several major

procurements. Consumers and representatives from the cattle and meat industries sit on the Project Board. *(See Programme PP1:04).*

1.21 Work on **other animal diseases** has included new measures to collect information on the incidence of **scrapie** in the UK sheep flock. *(See Programmes PP1:04, PP2:01 and CE3:01).*

1.22 Given widespread concern over the increasing incidence of **tuberculosis (TB) in cattle** and the role which badgers may have in this, the Government commissioned Professor Krebs to inquire into the matter and make recommendations. His report was delivered on 16 December 1997. The Government accepted his recommendations in principle, subject to further consideration of the public expenditure, legal and practical implications, and issued the report for consultation. *(See Programme PP2:01).*

1.23 The Government has also commissioned a risk assessment, led by Professor Kennedy of University College, London, of the present **quarantine policy for safeguarding the UK against rabies**, and possible alternatives. The intention is to consult widely on the results of this study in the course of 1998. *(See Programme PP2:01).*

To protect and enhance the rural and marine environment (Chapter 4)

1.24 The House of Commons Agriculture Committee reviewed MAFF's work on **agri-environment schemes**, publishing its report on 11 March 1997. The Government's response in July accepted most of the Committee's recommendations, and action is being taken forward in discussion with the non-governmental organisations which play an important part in developing policies for the countryside.

1.25 The **Agri-Environment Forum**, now chaired by the Minister for Fisheries and the Countryside (Mr Morley), is an important means by which MAFF draws in views from a wide range of environmental, land management and other organisations, at national and local levels, in framing and targeting its schemes. The Forum is now complemented by a series of working groups on specific issues, and by parallel arrangements in the regions. *(See Programme RE3:02).*

1.26 The **Environmentally Sensitive Areas (ESA) and Countryside Stewardship Schemes** remain the core of the agri-environment programme. *(See Programmes RE3:01 and RE3:07).*

1.27 Reviews on the five ESAs launched in 1987 were completed. Previews of the eleven ESAs launched in 1988 and 1993 have been proceeding; proposals for their future were published on 20 August 1997. A National Audit Office (NAO) value for money report on ESAs was published on 23 July 1997; the Government has accepted its recommendations. The Permanent Secretary gave oral evidence on the report to the Committee of Public Accounts on 26 January 1998, and the Committee is expected to publish a report later this year. A review of the access provisions under the Countryside Stewardship, ESA and Countryside Access Schemes has also begun. *(See Programmes RE3:07, RE3:01 and RE3:05).*

1.28 On 23 June 1997, the Government announced a pilot scheme, Arable Stewardship, aimed at **restoring wildlife** in arable farmland areas. This will form a self-contained option within the Countryside Stewardship Scheme aimed at restoring wildlife species affected by agricultural intensification. *(See Programme RE3:07).*

1.29 The new Government is reviewing the rates and structure of aid under the **Organic Aid Scheme** with a view to encouraging conversion to organic farming and thereby increasing the environmental benefits which this type of farming can bring. *(See Programme CE2:22).*

1.30 The European Commission's **Agenda 2000** document outlined their thoughts on rural development and agri-environment issues in considerably less detail than for the commodity sectors. The Commission intends to propose a single legal instrument offering a menu of rural development measures throughout the Union spanning agri-environment schemes, structural measures, grants for marketing and diversification, and Hill Livestock Compensatory Allowances. Discussions are being taken forward in the Agriculture Council.

1.31 **On 22 December 1997, the Minister of Agriculture, Fisheries and Food announced that the Government intended to review the HLCA Scheme**. The aim of this review will be to replace it with instruments better designed to deliver environmental benefits in the Less Favoured Areas (LFA). The review will draw on the results of an economic evaluation of the HLCA Scheme in England (carried out last year) and on those of similar evaluations being undertaken in Wales, Scotland and Northern Ireland. The final report on England has been received and is being considered; a copy will be placed in the Library of the House. *(See Programme RE1:01).*

1.32 MAFF has worked closely with other Departments to protect the **terrestrial and marine environments** and to promote sustainable development. Following the discovery that previously unknown disposals of radioactive waste had taken place in the Irish Sea, all available records were examined to identify other similar cases. This information was submitted to the National Radiological Protection Board for independent analysis and the Board's report, published on 24 November, showed that the disposals were not significant in radiological protection terms. *(See Programme RE2:04).*

To improve the economic performance of the agriculture, fisheries and food industries (Chapter 5)

1.33 The Government's policy on the **Common Agricultural Policy** (CAP) is to reduce significantly the reliance of EU farmers on production and price related support. To this end, MAFF consistently supports and advances measures which encourage greater exposure of farmers to market forces and to consumer and environmental considerations. The complex rules of the CAP are administered rigorously but fairly, having regard to the requirements of both EU and UK law so as to avoid fraud and misuse of public funds but without placing excessive burdens on farmers. A NAO report on tackling CAP irregularities was published on 19 February 1997. The Permanent Secretary gave oral evidence to the Committee of Public Accounts on 19 March 1997 and the Committee

published its report on 22 January 1998. MAFF has accepted the Committee's recommendations. *(See Programmes CE1:01 and CE1:02).*

1.34 **Proposals by the Commission issued on 16 July 1997 provide for prices in the EU beef, arable and dairy regimes to be cut, and for compensation to be payable to EU farmers for the reduction in price support**. These changes, desirable in their own right as leading to a more rational CAP, are also seen as necessary to facilitate EU enlargement to the east, and the next round of agricultural trade talks in the World Trade Organisation. The Government broadly accepts the Commission's approach, and is actively working to advance the CAP reform agenda on terms satisfactory to UK interests.

1.35 **The UK beef industry continues to feel the effects of the BSE crisis**. Although there has been some recovery in both consumption and producer prices, the market has remained weak. A number of the exceptional measures introduced in 1996 – principally the Over Thirty Month Scheme and the Calf Slaughter Scheme – remain in place. The scale and extent of public intervention has been steadily reduced so that the sector can progressively adjust to the underlying changes that have taken place in the market. *(See Programme CE1:20).*

1.36 Low returns on beef and (to a lesser extent sheep) have created severe difficulties for farmers engaged in beef and lamb production, particularly those in the LFA. With this in mind, the Minister of Agriculture, Fisheries and Food announced a **package of additional support measures for the beef and sheep sectors**. Following consultation with the EU, this package draws on agri-monetary compensation available from the EU and will consist of two elements;

- (a) £72.5 million to be paid to suckler cow producers on the basis of their 1996 premium claims, and
- (b) £12.5 million to be paid to sheep producers on the basis of their 1997 premium claims.

About 65% of the beef payments and 77% of the sheep payments will go to producers in the LFA. Hill Livestock Compensatory Allowances for 1998 will revert to their 1996 levels. In announcing it, the Minister urged on the beef industry the need for restructuring to bring supply more into line with demand and to improve the industry's competitiveness. The Government is considering how it might make use of EU Structural measures to this end and will consult the industry on its proposals in 1998. *(See Programmes RE1:01, CE1:20 and CE1:21).*

1.37 The UK **food and drink manufacturing and retailing industries** contain many world-leaders, but the need to secure competitive improvement has never been more important. MAFF as sponsor Department for these industries continues to work closely with individual sectors and key businesses to foster and promote greater competitiveness and to remove obstacles to growth.

1.38 On **fisheries**, the state of the marine fish stocks of importance to the UK fleet remains a matter for concern. Cuts in fishing effort are required to help rectify the

continuing imbalance between catching capacity and available fish stocks and the threat it poses to sustainable exploitation. The Fisheries Council agreed objectives for fleet and fishing effort reductions in the fourth series of national Multi-Annual Guidance Programmes (MAGP IV) which run for 5 years from 1 January 1997. These require reductions ranging up to 30% in fishing for the stocks at greatest risk, to be achieved either by the removal of capacity or restrictions on time spent at sea. However, in total the reductions required for the UK fleet are less dramatic than at one time seemed likely. *(See Programmes CE2:30 and CE2:31).*

1.39 A meeting of North Sea Fisheries and Environment Ministers on 13-14 March 1997 agreed a strategy for **further integration of environmental considerations into fishing policy**. *(See Programme CE2:30).*

1.40 Some 25% of the UK's offshore fleet tonnage consists of vessels which are owned and largely operated from other Member States (the so-called **"quota-hoppers"**). Following the Intergovernmental Conference, and an exchange of letters with the Prime Minister, the President of the Commission gave an indication of the kind of measures which in his view the UK could take within the framework of the Treaty to ensure that these and all other vessels fishing against UK quotas maintain a real economic link with UK populations dependent upon fisheries and allied industries. The Government will be introducing new measures in 1998 in the light of that guidance subject to Commission confirmation that the measures are compatible with EU law. *(See Programme CE2:34).*

To protect farm animals (Chapter 6, Programme AW1:01)

1.41 At the UK's instigation higher standards of animal welfare throughout the EU were included in the Treaty of Amsterdam which places a legal obligation on all institutions of the EU, and Member States, to take full account of **animal welfare** in formulating and executing EU policies; and to recognise animals as sentient beings, not products. It will give a stronger basis for seeking future improvements in EU welfare standards.

1.42 New EU **standards on transport of animals** *(referred to in paragraphs 6.5 and 6.6 of the 1997 Departmental Report)* were brought into effect in Great Britain on 1 July 1997. Efforts continue to strengthen co-operation with other Member States so that firm action can be taken against those found breaking these new rules, using the new EU powers now available.

1.43 An overhaul was put in hand to the system for checking that live animals are fit and healthy before export from the UK. In addition a strategy has been developed to ensure that maximum effort is devoted to ensuring animal welfare at market.

1.44 Plans were made to take forward EU negotiations on a range of animal welfare issues during the UK Presidency in 1998. The Presidency proposed a compromise version of the draft directive on the welfare of animals kept for farming purposes, which was first proposed by the European Commission in 1992, and was ready to start negotiations on proposals on the welfare of laying hens and welfare at slaughter which had been promised by the Commission.

1.45 The Farm Animal Welfare Council (FAWC) published on 24 July 1997 a report on laying hens which pointed the way towards **phasing out battery cages**. This report will be taken into account by the UK in the forthcoming EU negotiations on the welfare of laying hens. On 1 December the FAWC published a report on dairy cows, the first time it has considered this important sector in depth.

To ensure the best use of internal resources in support of the Ministry's business (Chapter 7)

1.46 **The Department's financial systems** are being developed so as to provide managers with improved means of monitoring and controlling resource use. Systems to implement Resouce Accounting were introduced in 1997/98; unaudited draft accounts for 1997/98 will be produced and it is planned that the1998/99 accounts will be subject to a dry run audit by the National Audit Office. Specialised audit and staff inspection work will continue to underpin the Department's efforts to achieve proper control of, and value for, public money, particularly in the improvement of control systems for the implementation of CAP payment schemes in the United Kingdom. *(See Programme IR2:01).*

1.47 The programme of **property disposals** continued in 1997-98 generating receipts of over £14 million. Old British Steel buildings at Workington were refurbished and extended for the British Cattle Movement Service. A lease was signed to rent a building on the outskirts of Exeter to replace MAFF's old wartime buildings; the site was sold for redevelopment. Ministers moved from their rather 'run down' offices in Whitehall Place to better accommodation in MAFF's Nobel House building on Millbank.
£14 million was spent on new facilities for BSE research, and the programme of replacing wartime or substandard office buildings continued. *(See Programme IR2:03).*

1.48 In commissioning capital projects MAFF considers the most appropriate method of funding. All major projects are evaluated under **Public/Private Partnerships (PPPs)** but the over-riding consideration remains value for money. A contract was signed for the redevelopment of MAFF's Northallerton office with a scheme which has many Private Finance Initiative (PFI) characteristics and the redevelopment of the Cambridge site is progressing as a PFI scheme. MAFF continues to pursue with the Environment Agency the potential for PPPs in the flood defence area through pilot projects. *(See Programmes IR2:03 and PP4:01).*

1.49 Most of the recommendations from MAFF's Fundamental Expenditure Review (FER) were implemented last year. Detailed reviews which were required in some areas before further work could be taken forward have been superseded by the **Comprehensive Spending Review (CSR)**. *(See Programme IR2:01).*

1.50 In common with all other Departments, MAFF submitted an **Efficiency Plan** to the Prime Minister's Adviser on Efficiency in 1997. The Plan reported that savings from efficiency measures in core-MAFF in 1996/97 were expected to be almost £5.5 million. *(See Programme IR2:01).*

1.51 **In personnel management**, MAFF is taking forward and aims to commit itself to Investors in People (IIP) by April 1998. A first diagnostic report was received from

Warwicker consultants. This confirmed that many of the necessary systems were in place. Although successful in delivering targets, the report pointed to a possible over reliance on written communication and the need to ensure that time was allowed for effective staff management. The IIP action programme will provide greater focus and target training to better deliver essential skills more closely linked to achieving business needs. Other initiatives are being tackled which derive from the Command Paper "Taking Forward Continuity and Change" and the White Paper "Development and Training for Civil Servants". Proactive policies are aimed at meeting changing business needs through training, recruitment, posting and pay action. *(See Programme IR3:01).*

Research and Development (R&D) (Chapter 8)

1.52 MAFF funds an extensive range of research programmes to support its aims. The research programmes reflect current priorities and also address long term strategic needs. Three yearly reviews of research programmes provide the opportunity to ensure that the research is good science, relevant and fully in support of Government policies. The flexibility of the system ensures that research in high priority areas is funded and that a proper balance of funding is maintained across the programme as a whole.

1.53 Effort is directed to improving the co-ordination of research planning with other Government Departments and Research Councils. It is also aimed at ensuring that the results of the research programme reach those who can most effectively use them, in developing Government policy and implementing it within MAFF, and in increasing the sustainability and efficiency of the agriculture, fishing and food industries. Greater emphasis is being placed on informing individual sectors and the public in general about the research programme and its results.

MAFF's Executive Agencies (Chapter 9)

1.54 MAFF has seven executive agencies employing approximately half of its staff. Their Annual Reports provide full details of their activities, although Chapter 9 gives a brief summary. MAFF's agencies are:

- (a) Veterinary Medicines Directorate (an agency since 1990)
- (b) Veterinary Laboratories Agency (an agency since 1990)
- (c) Central Science Laboratory (an agency since 1992)
- (d) Pesticides Safety Directorate (an agency since 1993)
- (e) Meat Hygiene Service (an agency since 1995)
- (f) Farming and Rural Conservation Agency (an agency since 1 April 1997, owned jointly with the Welsh Office)
- (g) Centre for Environment, Fisheries and Aquaculture Science (an agency since 1 April 1997, formerly the Directorate of Fisheries Research)

1.55 On 1 April 1997, the Agricultural Development Advisory Service (ADAS) was privatised and bought by its management team. The services which ADAS provided to the Government which could not be placed in the private sector were combined with the work carried out by the MAFF Land Use Planning Unit to form the Farming and Rural Conservation Agency. The Agency has been formed to assist Government in the design, development and implementation of policies on the integration of farming and conservation, environmental protection and the rural economy.

1.56 MAFF will work with its agencies through their Ownership Boards and in the context of each agency's Framework Document to encourage them to pursue continuing improvements in economy and efficiency. These objectives are enshrined in each agency's performance targets which are set each year by the Minister and published in Hansard.

The Intervention Board (Chapter 10)

1.57 The Intervention Board is an Executive Agency and is a separate Government Department answerable to the Minister of Agriculture, Fisheries and Food and to the Secretaries of State for Scotland, Wales and Northern Ireland. The IB funds all CAP Guarantee schemes; not only those it administers, but also those administered by MAFF and other paying agencies. Since 1996-97 it has played a major role in the administration of many of the BSE measures. As MAFF has the lead policy role in EU negotiations on the CAP, descriptions and costs of individual schemes are given in the appropriate MAFF Programme. The IB reports separately on its activities and performance in Chapter 10.

Output and Performance Indicators (OPIs)

1.58 MAFF continues to work on further developing OPIs that meaningfully reflect the effectiveness of its Programmes and the efficiency with which they are delivered. Under Resource Accounting and Budgeting (RAB) MAFF will be required to produce an Output and Performance Statement which will include representative OPIs for each Departmental objective. As in the previous Report many OPIs are included here both under the relevant Programme entry and at Annex 18, which combines efficiency indicators and performance against Commitment to Service targets. Progress in achieving key tasks is reported under Programmes along with new tasks identified for the coming year.

1.59 The IB has a range of OPIs which are set out in more detail in Chapter 10.

Structure of the Report

1.60 As in the previous report the figures in the Departmental Report are reconcilable with those in the Simplified Estimates. Tables reconciling the figures are contained at Annexes 2, 3, 4 and 5. The Estimates have to list separately demand-determined (non-cash limited) expenditure. Programmes with demand-determined expenditure are *PP1:04, PP2:01, CE1:03, CE1:20, CE1:21, CE1:24, CE2:02, CE2:23 and CE3:01.* As in this Departmental Report, MAFF has chosen to place R&D expenditure in a separate section of the Estimates, which helps to maintain transparency between the two publications.

1.61 Programme expenditure (both scheme costs and administrative costs) is consolidated in the table which precedes each Programme entry (but excluding scheme expenditure on R&D, which is listed by Programme in Chapter 8). For convenience, the report shows expenditure on CAP schemes in the UK as a whole, identified by the Department which administers it. This applies whether or not the expenditure is fully funded by the EU. Where it is not, the domestically funded elements are the responsibility of MAFF and the other Agricultural Departments, as the case may be. Receipts are also shown by Programme. Receipts relating to CAP expenditure represent

receipts from the EU arising from CAP expenditure in the relevant financial year. Actual cash receipts under the CAP may differ from the amounts shown since they are received two months in arrears.

1.62 The tables at the start of each Programme break down the MAFF scheme costs to identify payments made to claimants of schemes operated by MAFF. Payments to individuals consist of payments to representatives of the farming and fishing industries under the various CAP and agri-environment schemes, grants to businesses related to these industries and payments of compensation to farmers under disease control legislation. The scheme costs in Chapters 3-7 also show the payments made from core-MAFF to its agencies. Where appropriate, the agencies' scheme costs in Chapter 9 identify payments to other agencies. The receipts line in the agency tables in Chapter 9 identifies separately payments made by core-MAFF and those by other agencies. Expenditure involving payments by MAFF to one of the agencies, for example, appears three times; once as scheme costs under expenditure on the sponsoring core-MAFF Programme, once as agency's receipts in the contracting agency Programme and again as a contribution to the agency's administrative costs. These lines allow the net cost to Government to be identified.

1.63 MAFF's organisational structure *(page ix)*, does not reflect the Aim/Sub-Aim/Programme Structure in all respects. In some cases several units contribute to one Programme. Where this happens, running costs are usually attributed using the results of work recording. One exception to this covers work by the Chief Scientist's Group, where running costs are allocated on the basis of the apportionment of the accompanying R&D programmes. Central services such as legal and scientific advice, finance and personnel are covered by their own Programmes.

1.64 The 1998-99 Supply Estimates and expenditure plans for MAFF and the IB, along with the historic outturn for 1992-93 to 1997-98, are summarised in the Cash Plan Table (Annex 1). The Cash Plan Table is itself summarised in Table 1.2 at the end of this Chapter.

1.65 The publication timetable for this Report dictated that work on its content had to finish early in March. It is inevitable that developments will have occurred which are not commented on.

Estimated Outturn Figures

1.66 This Report includes expected outturn for the financial year 1997-98. The final figures will be published in the 1997-98 Appropriation Accounts for MAFF and the IB.

1.67 The net outturn for all domestic expenditure on agriculture, fisheries and food by MAFF is expected to be about £750m, some £18m less than the cash plan total shown in the 1997 MAFF/IB Departmental Report. MAFF's net provision voted in the Main Estimate was £765m, with a cash limit of £740m. Subsequently, the cash limit was reduced by £16m to cover a £14m reduction in BSE funds and a number of transfers of funds with other Government Departments.

Contingent Liabilities

1.68 MAFF has five contingent liabilities which, if any costs arise, would involve payments from the Vote: National Collections of Industrial and Marine Bacteria, reserved rights of staff (potential liability: £0.3m); Agricultural Credit Corporation, guarantees (potential liability: £2.5m); indemnities to MAFF staff holding executive directorships (potential liability unquantifiable); National Institute of Agricultural Botany (NIAB) an unquantifiable indemnity, until 31 March 1998; also NIAB, correction of a possible pension anomaly (slightly over £0.1m).

1998-99 Departmental Re-allocation Exercise

1.69 There was no Public Expenditure Survey in 1997. The baselines for 1998/99 are those set by the previous administration in PES 96. Minor changes have been made to reflect new spending priorities. These include an increase in provision for the Organic Aid Scheme and for export promotion. The Treasury have also agreed to increase ring-fenced BSE provision to reflect the costs of the offspring cull, the introduction of specified risk material controls for sheep and goats and for the costs of running the cattle tracing system. The costs of the last two items will be recovered from the industry.

Conventions Used in the Report

1.70 The following conventions and definitions are used throughout the report.

(a) All receipts are represented as negative figures.

(b) Countries outside the EU are sometimes referred to in this report as "Third Countries".

(c) The other Agriculture Departments are the Scottish Office Agriculture, Environment and Fisheries Department, the Welsh Office Agriculture Department and the Department of Agriculture for Northern Ireland. Occasionally in this report the term is used to mean "paying agencies for CAP schemes other than the Ministry in the United Kingdom". Paying agencies other than MAFF are:

1) Scottish Office Agriculture, Environment and Fisheries Department,
2) Welsh Office Agriculture Department,
3) Department of Agriculture for Northern Ireland,
4) Forestry Commission,
5) Countryside Council for Wales, and
6) Intervention Board.

1.71 Some initiatives and statistical tables are emphasised by shading the text. The work carried out on these initiatives may not necessarily relate to work under the Programme where the boxes are placed.

Table 1.2: Summary Cash Plan Table

£ million

Vote Section	Expenditure	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 estimated outturn	1998-99 plans
Vote 1	**A Intervention Board and EU expenditure**							
	Market support – IB	1,014	1,045	438	441	1,552	1,091	1,019
D	of which BSE					1,088	636	553
B	non BSE	1,014	1,045	438	441	465	455	466
J	Market support – MAFF(2)	365	1,036	1,204	1,516	1,619	1,463	1,471
H	Clean Beef top-up sche.me					4		
F	Beef stock transfer and disposal service schemes					52	7	#
G	Selective Cull					#	119	36
H	Aid to the rendering industry						58	1
I	EU grants for school milk and milk products	36	31	16	15	12	9	9
A	Administration	43	45	39	40	58	64	59
	Total Intervention Board and EU expenditure	**1,458**	**2,157**	**1,698**	**2,013**	**3,298**	**2,812**	**2,596**
Vote 2	**B Domestic agriculture, fisheries and food**							
A,B,J	To protect the public	130	142	131	157	169	191	195
C,M	To protect and enhance the rural and marine environment	130	147	132	118	141	126	129
D,E	To improve the economic performance of the agriculture, fishing and food industries	189	189	188	192	295	200	199
F	To protect farm animals by encouraging high welfare standards	4	4	4	5	7	5	5
J	R&D	110	112	123	129	124	130	124
G	To ensure the best use of internal resources in support of the Ministry's business (1)	163	195	183	195	193	157	118
H	Ministry Executive Agencies	-1	-2	-6	17	-15	-16	-16
	Credit Approvals	12	13	10	14	16	12	17
	Total domestic agriculture fisheries and food (1)	**737**	**801**	**764**	**827**	**931**	**805**	**770**
	Of which							
	Central government's own expenditure	903	982	906	965	1,064	950	922
	Of which							
	ERDF						2	1
	Civil Defence		-4	#				
	Central government support for local authorities	-166	-181	-142	-138	-133	-144	-153
	Of which:							
	Credit approvals	12	13	10	14	16	12	17
	C Total Ministry of Agriculture, Fisheries and Food and the Intervention Board	**2,195**	**2,958**	**2,462**	**2,839**	**4,229**	**3,617**	**3,365**

Note: (1) These lines contain Ministry expenditure relating to additional BSE measures from 1996-97 onwards
(2) This line contains Ministry expenditure relating to additional BSE measures in 1996-97 only
(3) ERDF lines are now shown in the Department of Environment, Transport and the Regions Class VI Vote 2 Estimate and Departmental Report (Cm 3906): The Ministry retains policy responsibility for the expenditure shown here.
(#) Cash amounts below £0.5 million are not shown.

2.1 The 1997 Departmental Report described the actions taken in the immediate aftermath of the March 1996 announcement of a new variant of Creutzfeldt-Jakob Disease (CJD) in humans. This Chapter describes the further action which has been taken during 1997/98 under the following headings:-

- (i) Public health
- (ii) Animal health
- (iii) Rebuilding consumer confidence
- (iv) Trade
- (v) Support for industry
- (vi) Research
- (vii) Parliamentary aspects
- (viii) Advice and information
- (ix) Administration issues; and
- (x) Public inquiry.

(i) Public health

2.2 **Public concern**. In the past year new evidence on the link between BSE and new variant CJD (nvCJD) has come forward. In September the Spongiform Encephalopathy Advisory Committee (SEAC) considered new research results which were subsequently published in 'Nature' on 2 October. They concluded that the new data provided convincing evidence that the agent which causes BSE is the same as that which causes nvCJD. They considered that the most likely explanation of the cases of nvCJD to date remains exposure to BSE before the introduction of the Specified Bovine Offal (SBO) ban in 1989. SEAC also concluded that the necessary measures to protect public and animal health were in place. They saw no need for any changes in the light of the new findings. Policies have always been based on the assumption that BSE might be transmissable to man.

2.3 **The ban on Specified Bovine Material (SBM)**. Fundamental for the protection of human health is the removal of specified bovine materials from carcases, notably the head and spinal cord. A ban on the use of SBO for human consumption was first put in place in 1989. On 28 March 1997 the Specified Bovine Material Order 1997 came into force. This consolidated previous legislation on the control of SBM and extended the prohibition on its use to cover cosmetic, pharmaceutical and medical products. It also strengthened the requirements on the staining of SBM and made other minor changes.

2.4 **EU measures on Specified Risk Materials (SRM)**. On 14 May 1997, the EU Commission stated that a series of inspections in 13 Member States (not including the UK) revealed weaknesses in surveillance and control which added strength to the arguments for EU-wide controls on SRM in human and animal food. SEAC advised that the measures currently in place in the UK should be extended to cover the spinal cord of sheep over one year old and, after consideration of the Commission's inspection reports, that the controls over central nervous system tissues from beef and sheepmeat should be extended to cover imports from other Member States and from third countries which

were not free of BSE. SEAC recommended that action be taken on an EU-wide basis. A proposal was put by the Commission to the Standing Veterinary Committee and, having failed to secure a qualified majority, to the Council. This was opposed by 7 Member States but the EU Commission subsequently adopted Decision 97/534 on EU-wide controls on Specified Risk Material on 30 July 1997 (had 8 Member States opposed the proposal in the Council, the rules would have prevented its adoption). The Decision, which was to have come into force on 1 January 1998, prohibits the use of SRM (including the brain and spinal cord of cattle, sheep and goats over 12 months and the spleen of all sheep and goats) for any purpose and prohibits the use of the vertebral columns of these animals for the production of mechanically recovered meat. In response to concerns about the effect of the Decision on the availability of certain pharmaceutical products, a revised proposal was put to the Standing Veterinary Committee on 19 November for discussion but, as it became clear that a majority in favour of this proposal would not be forthcoming, the Committee agreed on 15 December to postpone the application of Commission Decision 97/534 until 1 April 1998. Only the UK voted against this deferral. On 31 March 1998 the Agriculture Council agreed unanimously that the entry into force of the Decision should be deferred until 1 January 1999.

2.5 The Minister announced on 15 December that, taking account of the advice from SEAC, he intended to introduce the measures in the UK on a unilateral basis. Accordingly the Specified Risk Material Regulations 1997 and the Specified Risk Material Order 1997 came into force on 1 January 1998. The Regulations extended the definition of specified material from sheep and goats to cover spleen of all sheep and goats and spinal cord of sheep and goats in which a permanent incisor has erupted through the gum. The controls in relation to beef are unchanged apart from a tightening up of SRM storage requirements and updating of technical incineration procedures. The controls continue to be enforced by the Meat Hygiene Service in licensed slaughterhouses and cutting plants and by local authorities in other premises. The Order introduces a prohibition on imports of SRM from Member States and from third countries (with the exception of New Zealand and Australia) and on certain animal products containing or derived from SRM (other than those produced before 1 January 1998 or from animals born, reared and slaughtered in New Zealand or Australia).

2.6 **The Beef Bones Regulations 1997**. SEAC also considered some new results of an on-going MAFF-funded research project conducted by the Veterinary Laboratories Agency. In cattle deliberately infected with BSE, infectivity has for the first time been detected in the dorsal root gangliaon (DRG) of cattle 32 months post infection. DRG are swellings on the nerves near the spinal cord which are surrounded by the bones of the vertebral column. SEAC also advised that there are indications, which are still being investigated, that infectivity may be found in bone marrow. SEAC recommended that the public should be informed and that, if Government wished to go further, either

- (a) no bone-in beef from cattle aged over 6 months should be sold to the consumer, or
- (b) cattle slaughtered between 24 and 30 months old should be deboned under official supervision in licensed cutting plants.

2.7 Taking into account the views of the Chief Medical Officer, the Minister announced to the House of Commons on 3 December that he had decided to consult on proposals to require deboning of all beef, whether from home supplies or imported, coming from cattle over 6 months old before it is sold to the consumer. Following consultation, the Government introduced legislation to this effect on a precautionary basis; this came into force on 16 December. Deboning can occur in any food premises. After removal, bones are not allowed to be sold or given to consumers or used by food businesses in the preparation of food. The bones are not classified as SRM, and can be disposed of by routes which will not result in their use for human food. Foreign bones continue to be permitted for use in the manufacture of gelatin, soups, broths, stock cubes, gravy granules etc. unless for direct delivery to the ultimate consumer.

2.8 Sheep and goat meat are not covered by the new legislation requiring the deboning of beef. The need to take action in relation to the meat of sheep and goats was considered by SEAC who advised that there was no need for the Government to take any action regarding lamb or goat meat, other than the banning of brain and spinal cord already proposed (and since implemented). This advice will be reviewed when further experimental data are available. On 9 December, the EU's Scientific Steering Committee (SSC) adopted an opinion on specified risk materials. It was subsequently reviewed by the Committee on 22-23 January in the light of the Commission's request for a further risk assessment. In their opinion, the SSC suggested a long list of specified risk materials to be excluded from the food and feed chain in all countries (not just those considered to be high risk), including vertebral column of cattle, sheep and goats over 12 months old. The opinion also noted that in countries specified as at high risk of BSE (including the UK), it might be considered appropriate to reduce from 12 to 6 months the minimum age of animals from which the various tissues should be removed as specified risk materials.

2.9 **Over Thirty Months Scheme (OTMS).** As explained in the 1997 Departmental Report, the scheme was introduced in May 1996. In the calendar year 1997 some 0.8 million animals were processed under the OTMS.

(ii) Animal health

2.10 **The removal of meat and bonemeal from the food chain**. Fundamental for the protection of animal health is keeping mammalian meat and bone meal out of ruminant feedingstuffs and agricultural fertilisers. The first measure taken in 1988 to stop the spread of BSE was a ban on the use of ruminant derived protein in ruminant feed. In order to prevent cross contamination, the ban was extended in 1996 to cover the use of mammalian MBM in any farmed livestock feed. During 1997, sampling to ensure compliance with the rules was sustained. On 1 August 1997 a new feed sampling programme was launched covering more premises than the previous survey and increasing the number of feed samples being tested from 6,000 to 20,000 per year. Up to 13 February 1998, 99.7% of the 17,714 samples collected since 1996 had tested negative for the presence of mammalian protein. All positive or inconclusive results are investigated to determine that there has not been a contravention of the legislation.

2.11 Selective cull of cattle. On 16 December 1996 the Minister announced the Government's intention to proceed with a selective cull of cattle on the basis outlined in the UK eradication programme as approved by the EU Standing Veterinary Committee (SVC) in the context of the UK's Eradication Programme in June 1996. The basic rationale of the scheme is to accelerate the eradication of BSE through the slaughter of animals considered to be most at risk of infection, although it has always been recognised that its effect in this respect will be limited. The animals targeted are those born between 1 July 1989 and 30 June 1993 which are likely to have shared the same infected feed as confirmed BSE cases in the first 6 months of life. Visits to the herds of birth (natal herds) of BSE cases to identify cull animals began in January 1997. All but a handful had been visited (or in the case of a few natal herds in the voluntary year, the owner contacted and a visit refused) by the target date of 31 October 1997. By 5 March 1998, 65,000 animals had been slaughtered out of a likely total of 80-85,000. At the request of the UK an amendment to the EU legislation to enable the cull to include animals reared (though not born) together with BSE cases was agreed by the SVC on 19 November.

2.12 Sheep. There is no evidence that BSE is present in the national flock. However, BSE has been transmitted experimentally to sheep and the risk that it could have been transmitted through contaminated feed prior to the feed ban in July 1988 cannot be ruled out. SEAC concluded that BSE could theoretically become established as an endemic disease in sheep and be masked by scrapie. Consequently in May 1997 SEAC recommended that the Ministry should adopt a three-tier approach to improve scrapie surveillance and provide data for further risk assessment.

- (a) Legislation making the slaughter of suspect scrapie cases compulsory (with compensation) and providing powers to conduct veterinary investigations into cases and associated flocks. This is expected to come into force in April 1998.
- (b) A year-long survey of appropriate tissues from sheep and goats from abattoirs in Great Britain for signs of scrapie which commenced in August 1997.
- (c) A postal survey requesting a random selection of sheep and goat farmers to report anonymously on the incidence of scrapie in their livestock. This will be carried out during 1998.

 The results of both the abattoir survey and postal survey will be published when they are concluded.

(iii) Rebuilding consumer confidence

2.13 Introduction of Cattle Tracing for GB. The Government announced on 30 July 1997 its intention to introduce a computerised system to track all cattle movements in Great Britain – the Cattle Tracing System (CTS). The British Cattle Movement Service (BCMS) is being established to operate the CTS. It is being located in Workington and will be operational in late summer 1998.

2.14 Beef Labelling Scheme. In April 1997 the Agriculture Council agreed major changes to the system for identifying cattle in Europe and also established the rules for the labelling of beef and veal when claims are made about the origin or other quality of the meat. These changes, which followed the BSE crisis, are intended to meet the concern of consumers that cattle and meat derived from them should be more easily traceable. The new rules on labelling mean that from 31 March 1998 retailers must obtain prior approval for the information contained on labels where claims are made at the retail stage about the origin of beef, feeding practices or maturation processes used. Approval is only given where the retailer can prove that the information is accurate. To do this the retailer has to employ an independent third party to certify that the information on the label is correct. The scheme will initially be voluntary in the UK in that retailers providing only limited information on their beef labels do not need to obtain prior approval. However, the EU Regulations provide for the voluntary scheme to become compulsory on 1 January 2000, when certain additional information will become obligatory on all beef sold in the EU.

(iv) Trade

2.15 The world-wide ban on the export of UK beef and bovine products imposed on 27 March 1996 remains in force. The Government took the view that this action was disproportionate in that consumers in other Member States could have been protected by other less sweeping measures and that it constituted unjustifiable interference with trade within the EU's single market. It also seemed likely that the practical impact of the export ban would be to increase rather than to allay public concern. The Government challenged the legality of the Decision on the export ban in the European Court. The oral hearing took place on 2 July 1997. The Advocate-General of the European Court of Justice stated in his Opinion on 2 October 1997 that the ban on exports of beef from the UK was both lawful and justified. He also recommended that the UK meet the legal costs of the case. The Court's final ruling was still awaited at the beginning of March 1998.

2.16 The agreement at Florence provides a framework for lifting the ban. Five preconditions have to be met:

- (a) implementation of a selective slaughter programme of animals most likely to have been exposed to contaminated feed;
- (b) introduction of an effective animal identification and movement recording system with official registration;
- (c) removal of meat and bone meal feed from feed mills and farms;
- (d) effective implementation of the over 30 month slaughter scheme; and
- (e) improved methods for removal of specified bovine materials from carcases.

The results of the measures in place for fulfilling these preconditions are reported in Chapter 3. The EU Commission inspected the arrangements in June 1997.

2.17 The Florence agreement lays down a procedure whereby UK proposals for lifting the ban must be considered by the Standing Veterinary Committee (SVC), taking account of the opinions of the Scientific Veterinary Committee (ScVC) and other appropriate EU scientific committees. The five steps identified for progress towards lifting the ban are:

- (a) animals and meat from certified herds;
- (b) embryos;
- (c) animals born after a specific date and their meat;
- (d) meat from animals under 30 months;
- (e) meat from animals over 30 months (a longer term perspective).

2.18 **Export Certified Herds Scheme (ECHS)**. A UK proposal for an Export Certified Herds Scheme was submitted on 25 February 1997. It was accompanied by a scientific paper and information on the steps taken to implement all five Florence pre-conditions. The proposal was revised following the Scientific Veterinary Committee's initial Opinion, delivered on 11 June. The Scientific Veterinary Committee gave a further Opinion on 17 September which endorsed the revised proposal but referred to the lack of a computerised traceability system in Great Britain as "a major stumbling block". In the light of that opinion and following further discussions with the Commission it was agreed that the Scheme would be restricted to meat from animals which have a full movement history on an official, computerised database. Hence, initially, only Northern Ireland would benefit. Commission inspectors visited Northern Ireland on 3 to 7 November to consider practical aspects. The Commission report was broadly supportive of the scheme but expressed some concern about the complexity of the arrangements for separating and controlling the different categories of animal and meat which would be processed in parallel under export schemes and for the domestic market. Following further discussions the Government proposed some refinements to these aspects of the proposal.

2.19 **Proposal to amend the beef export ban**. The Commission then drew up a formal proposal reflecting the outcome of discussions and the findings of the visit. This proposal to amend the UK beef export ban (Commission Decision 96/239, as amended) would:

- (a) permit the export of de-boned beef from Northern Ireland under the Export Certified Herds Scheme;
- (b) re-introduce the ban on the export of food-grade gelatin made from UK bovines;
- (c) define controls for certain materials (derived from UK bovines) destined for use in human food, animal feed, cosmetics, medical or pharmaceutical products. Controls would include labelling and export health certification;
- (d) define controls for certain materials (derived from UK bovines) destined for technical use only;
- (e) strengthen the current controls for official supervision, record keeping, storage, health marking and transport, over all stages of the production chain for permitted exports of material derived from foreign origin bovines;

- (f) extend the range of material derived from foreign origin bovines which has to be brought under official veterinary control, export health certification, etc.;
- (g) clarify that export from the UK of petfood which contains foreign origin mammalian MBM is permitted; and
- (h) introduce a requirement for health marks to be retained on permitted exports (except where their removal is unavoidable in the cutting process).

The proposal was tabled at the Standing Veterinary Committee (SVC) on 21 January 1998, considered at SVC meetings on 29 January and 3 February 1998 and put to a vote on 4 March. The proposal received a simple majority, 10 Member States voting in favour, 4 against and one abstaining. It was referred to the Agriculture Council who adopted the proposal by a qualified majority (11 Member States voting for, 2 against with 2 abstentions) on 16 March.

2.20 Date Based Export Scheme (DBES). On 2 October 1997 the UK submitted to the Commission a separate proposal for the export of meat from animals born after 1 August 1996 (the date from which it is accepted that all MBM was completely removed from ruminant feed). This proposal is underpinned by a proposal for a cull of the offspring of BSE cases born on or after 1 August 1996 which was submitted at the same time. The DBES proposal was considered by the Scientific Steering Committee which, following a Commission reorganisation, has assumed the role envisaged for the Scientific Veterinary Committee under the Florence procedure. The Scientific Steering Committee gave its opinion on the proposals on 9 December 1997 which it reiterated in February 1998. That opinion did not challenge the scientific basis for the proposals but suggested that the Commission would need to be satisfied as to the adequacy of provisions for identification and checking of animals and for post-slaughter separation of meat for export. Subsequent discussions with the Commission were promising and the Government responded to the opinion on 29 January 1998.

2.21 Export of bovine by-products. On 11 June 1996 the EU Commission adopted Decision 96/362 which lifted the export ban for bovine semen and for gelatin and tallow produced according to certain standards (the export ban never applied to milk and milk products). However, for gelatin, doubts about the validity of the scientific evidence on which the EU Decision had been based led to a Commission statement of 14 May 1997 that exports of gelatin made from UK bovine raw materials would not be permitted. No UK gelatin is currently produced from UK bovine raw material other than for photographic and other technical uses which were never covered by the ban. UK gelatin manufacturers are inspected each week by the SVS to ensure that they continue to use non-UK raw materials for non-technical gelatin. Under Regulations made on 19 February 1997 to bring GB tallow production into line with the export standards, three plants have been registered and are inspected by the SVS on a weekly basis. A list of these renderers has been submitted to the Commission which must inspect the plants and take a decision in the Standing Veterinary Committee before exports of tallow can commence.

2.22 **Implementation of the export ban and arrangements for re-export of imported beef**. During 1997 evidence was found of illegal exports. As a consequence the UK strengthened the implementation of the export ban in the following ways:

- (a) new legislation was introduced on 1 August 1997 which makes it an offence to export UK cattle, beef and beef products, creates penalties including up to two years' imprisonment and provides powers to search, seize and detain goods;
- (b) the frequency of these random and unannounced spot checks at ports has been more than doubled and the checks themselves are more thorough; and
- (c) procedures at the establishments which are permitted under the export ban legislation to re-export imported bovine material have been tightened up.

(v) Support for industry

2.23 **The Over Thirty Months Scheme (OTMS)** is the single most expensive measure introduced. An EU Regulation provides for the purchase for slaughter and destruction of cattle over thirty months of age that had been in the UK for at least six months. The scheme is operated by the IB and is based on a system of approved collection centres (markets for liveweight presentations, abattoirs for deadweight presentations and incinerators for emergency on-farm slaughtered cattle). Changes to the compensation rates available since the scheme's inception are set out in the following table:

Table 2.1 OTMS compensation rate changes

Date	Basic rate in ecu/kg	Sterling rate for cull cows and bulls liveweight	Sterling rate for cull cows and bulls deadweight*	Sterling rate for clean cattle liveweight	Sterling rate for clean cattle deadweight*	Reason for change
	£/kg	£/kg	£/kg	£/kg	£/kg	
	cows bulls	cows bulls	cows bulls			
29.4.96	1.0	0.86	1.71	1.11	2.22	
18.6.96	1.0	0.86	1.71	1.01	2.02	1
1.7.96	1.0	0.83	1.66	0.98	1.96	2
14.7.96	1.0	0.83	1.66	0.93	1.86	1
5.8.96	1.0	0.83	1.66 1.41	0.93	1.58	3
1.9.96	1.0	0.83	1.66 1.41	0.88	1.50	1
21.10.96	0.9	0.75	1.50 1.28	0.80	1.36	4
1.11.96	0.9	0.73	1.46 1.24	0.78	1.33	2
2.11.96	0.9	0.73	1.46 1.24	0.73	1.24	1
1.2.97	0.9	0.69	1.38 1.17	0.69	1.17	2
1.4.97	0.9	0.67	1.34 1.14	0.67	1.14	2
1.7.97	0.9	0.65	1.30 1.10	0.65	1.10	2
4.8.97	0.8 0.9	0.58 0.65	1.15 1.10	0.65	1.10	5
1.9.97	0.8 0.9	0.56 0.63	1.11 1.06	0.63	1.06	2

*The compensation is fixed in terms of payment per kilogramme liveweight; however, where cattle are not weighed live (usually because they have been sold directly to an abattoir rather than through a live market) a coefficient is applied to the recorded deadweight to convert it back to liveweight; this results in their being a calculable effective deadweight price.

1 Phased removal of top-up for clean cattle
2 Green rate change
3 Intoduction of 1.7 deadweith coefficient for bulls and clean cattle
4 Realignment of Scheme rate with market prices
5 Realignment of cull cow rate with market prices

2.24 The carcases of cattle slaughtered under the OTMS are required by Commission Regulation 716/96 to be incinerated or rendered and destroyed, which has not yet been fully achieved. Under this provision 116,000 carcases, mainly casualty animals, have been sent for incineration while the remainder have been rendered, with the resultant 304,000 tonnes of meat and bone meal (MBM) and 161,000 tonnes of tallow being stored prior to disposal. The carcases placed in cold stores owing to a temporary lack of rendering capacity have now been processed. The Intervention Board, which has responsibility for the day to day operation of the scheme, has conducted tender exercises to increase the disposal capacity available to the scheme. While some MBM is being burned in an appropriately authorised high temperature waste incinerator, no decision has yet been taken on any other disposal option, or options. Policy decisions will be informed by a number of risk assessments carried out by the Environment Agency on the possible disposal routes for OTMS material. It is anticipated that about £395 million will have been spent during the year on compensation to farmers and the disposal of carcases under the OTMS.

2.25 **The Calf Processing Aid Scheme (CPAS)** was introduced in April 1996. The scheme provides for the slaughter and disposal of male calves of any breed under twenty days of age. Many such animals had previously been exported and, following the imposition of the export ban, their retention would have further distorted the domestic beef market. In the calendar year 1997 some 0.6 million calves were processed under the CPAS.

2.26 **Additional Premium Scheme Payments**. The BSE supplementary payments (totalling just under £80m in the UK) paid in August 1996 to producers in respect of 1995 claims for Suckler Cow Premium (SCP) and Beef Special Premium (BSP) have, in accordance with Council Regulation 1357/96, been adjusted to reflect claims made in the 1996 Scheme year. Supplement has been recovered from those producers who were paid on fewer animals in 1996 than in 1995 or who did not claim in 1996. The recovered money (totalling nearly £9m) was redistributed during February/March 1998 to those producers who were paid on more animals in 1996 than in 1995.

2.27 An EU-funded package of measures worth just over £52 million was made available to the UK in 1997 to grant further support to the beef sector. From these funds, £49.5 million was used to make additional payments to suckler cow producers. This resulted in a supplementary payment of £30 per eligible animal from March 1997 to claimants under the 1996 SCP Scheme. Payments were made in March 1997. Some of the remaining money was spent on a small-scale aid scheme, the Veal Marketing Payment Scheme (VMPS), which provided payments of £36 per eligible animal to veal producers for animals marketed between 20 March and 9 November 1996. Payments under this Scheme totalling £45,000 were made in early October 1997. Of the remaining £2.5 million, £2.25 million was allocated to the Meat and Livestock Commission and £0.5 million to the Livestock and Meat Commission in Northern Ireland to assist in the promotion of beef consumption.

2.28 **The Beef Marketing Payment Scheme (BMPS)**, which originally provided £29m of EU-funded aid to beef producers who experienced depressed market conditions for animals marketed between 20 March and 30 June 1996 (BMPS 1), was subsequently extended with a further £29m from national funds distributed in 2 tranches to cover animals marketed between 1 July and 30 September 1996 (BMPS 2) and 1 October to 9 November (BMPS 2a). Payments under BMPS 1 were made in October 1996; payments under BMPS 2 and BMPS (2a) were made in February and March 1997 respectively.

2.29 **Aid to the meat disposal chain**. Financial support for the disposal chain continued into 1997-98 through the Rendering Industry Support Scheme 1997. This provided support of up to £59 million to renderers on their production of tallow and unsaleable meat and bone meal from clean raw material. The Government confirmed on 24 July 1997 that the support would, in line with the scheme, be phased out by March 1998. There are no plans for further support during 1998-99.

(vi) Research

2.30 Government policy is based on the best scientific advice available and is directed by advice from the SEAC and other expert research advisory committees in the UK. The MAFF allocation for research on BSE and related diseases was £12.7 million during 1997/98. £2.8 million of this was directed toward research on TSEs in sheep following advice by SEAC that BSE may have transmitted to sheep and could become endemic. Key findings from the research programme to date are the further determination of the pathogenesis of BSE in cattle; studies on the susceptibility/resistance of pigs to oral transmission of BSE; epidemiological analyses which have suggested the possibility of maternal transmission of BSE in cattle; and progress on establishing an audit trail for bovine and ovine tissues going into the human food chain from the beginning of the BSE epidemic.

2.31 The Department has also invested in further specialist animal facilities to progress a number of studies including the development and evaluation of diagnostic tests; pathogenesis studies of BSE in cattle and sheep and BSE transmission studies in sheep. To support these key experiments on BSE in sheep the Ministry has imported more than 1000 sheep from New Zealand and is establishing a small breeding flock to source further work.

2.32 Total Government spending on research on spongiform encephalopathies amounted to £22.19 million during this year. The MAFF programme and priorities are closely co-ordinated with the programmes of other Departments and external funders through the TSE R & D Joint Funders Group chaired by Professor Swales of the Department of Health. This is overseen by the High Level Committee on TSE research chaired by the Cabinet Secretary. Members of the Funders Group and the Ministry have also been closely involved in the development of the EU TSE research programme which has expanded rapidly in this year.

(vii) Parliamentary aspects

2.33 The European Parliament's (EP) Temporary Committee of Inquiry (TCI), to investigate alleged contraventions in the implementation of EU law in relation to BSE, published its final report on 6 February 1997. The report was critical of both the European Commission and the UK's handling of the BSE situation. In particular, the TCI recommended that legal action be taken against the UK for the previous Minister's decision to decline an invitation to appear before the TCI, and that the Commission extract compensation from the UK for costs to the EU as a whole arising from the BSE crisis. The previous Government considered that many of the criticisms were unjustified and that the Committee had taken no account of much of the written and oral evidence from the UK. The EP adopted a resolution on the TCI's report on 19 February 1997, endorsing the report and urging implementation of its recommendations, the main one of which was a conditional motion of censure on the Commission if it failed to take appropriate action in the light of the criticisms and recommendations made by the TCI.

2.34 On 23-24 April 1997, the EP set up a new Temporary Committee (EPTC) to monitor the Commission's follow up actions to the TCI's recommendations, a number of which concern the UK. The EPTC visited the UK at the invitation of the Minister on 28–30 September.

2.35 The EPTC's final report included the following recommendations:

- (a) that the UK implement a no-fault compensation Scheme for nvCJD patients and their families;
- (b) that the Commission present proposals for improving monitoring of the export ban in all Member States, and the UK in particular;
- (c) that the Commission examine UK expenditure of EU funds under the Clearance of Accounts procedure and refuse funding for any BSE related expenditure not in accordance with EU rules; and,
- (d) that there should be immediate proposals by the UK Government to remove the backlog of meat and bone meal presently stored in controlled stores in the UK.

2.36 The Committee noted the improved spirit of co-operation and transparency exhibited by the UK Government and, whilst their report raised concerns about the ability of current portal controls to prevent illegal exports, it also noted the Committee's satisfaction at controls in abattoirs, rendering plants, MBM stores and incinerators, witnessed by Committee members during their visit to the UK in September 1997. The European Parliament endorsed the Committee's final report on 19 November 1997. The Government recognised that the Committee had carried out an important inquiry and believed that the EPTC had produced a generally factual and balanced report which, for the most part, recognised the effort that both the Commission and the UK Government have made on BSE.

(viii) Advice and Information

2.37 Ministers answered 575 Parliamentary Questions and 1,586 letters from Members of Parliament in the period to February 1998. Officials at Headquarters dealt with large volumes of correspondence from the public and Regional Service Centres responded to many local enquiries from farmers throughout the year. The BSE Internet site was extensively revised and enhanced, and has been attracting an average of nearly 7,000 readers per week since it was relaunched in July 1997. The BSE Enforcement Bulletin is circulated to 13,000 readers each month.

(ix) Administration issues

2.38 As some of the schemes introduced in response to the crisis run their course and as others are introduced, the staff engaged on BSE work have had to respond flexibly. In addition, a number of the staff engaged on BSE public health related matters have been transferred to the JFSSG.

2.39 Specialist support services have been heavily involved in the framing of legislation, design of support schemes and payment systems, and the establishment of effective controls on the associated expenditure.

(x) Public Inquiry

2.40 On 22 December, the Minister announced that the Government had asked Lord Justice Phillips to carry out a non-statutory inquiry with the following terms of reference:

> "To establish and review the history of the emergence and identification of BSE and nvCJD in the United Kingdom, and of the action taken in response to it up to 20 March 1996; to reach conclusions on the adequacy of that response, taking account of the state of knowledge at the time; and to report on these matters by 31 December 1998 to the Minister of Agriculture, Fisheries and Food, the Secretary of State for Health and the Secretaries of State for Scotland, Wales and Northern Ireland."

The other members of the inquiry will be Professor Malcolm Ferguson-Smith, a professor of Pathology at the University of Cambridge, and Mrs June Bridgeman, formerly deputy chair of the Equal Opportunities Commission.

Further information

2.41 Fuller details of the various measures taken can be found in the remaining chapters of this Report, including the details of new or additional scheme expenditure incurred. The Programmes affected are:

PP1:02	Food Hygiene
PP1:04	Bovine Spongiform Encephalopathy and Scrapie
PP1:05	Veterinary Medicines
RE3:01	Environmentally Sensitive Areas
CE1:20	Beef
CE1:22	Pigmeat (including farmed deer venison and ostrich meat and sponsorship of the MLC)
CE1:23	Eggs and Poultry
CE1:24	Milk and Milk Products
CE2:11	Improved Marketing
IR1:02	Press and Information Services
IR1:03	Legal Services
IR1:05	Information Technology Services
IR2:01	Financial Planning and Control
IR2:03	Management of Accommodation & Property Resources
IR2:04	Ministers and Top Management
IR3:01	Management of Human Resources
EA1:03	Veterinary Laboratories Agency
EA1:06	Meat Hygiene Service
Chapter 8	R&D
Chapter 10	Intervention Board

By promoting food safety

Food Standards Agency

The Government is committed to introducing radical changes in the arrangements for handling food safety and standards in the UK. The central plank in these plans is the establishment of a **new Food Standards Agency**, working under guiding principles which clearly establish the protection of public health as its primary concern.

A report by Professor Philip James providing outline proposals for a Food Standards Agency was commissioned by the Prime Minister shortly before the General Election. The report was published on 8 May 1997 for a short period of public consultation, during which well over 600 replies were received from a wide variety of individuals and organisations. The majority of responses supported the broad thrust of Professor James' proposals.

Following this consultation a White Paper 'The Food Standards Agency: A Force For Change' was published on 14 January 1998. The White Paper proposes a body with a wide remit covering all aspects of the food chain from producer to final consumer. Under these proposals the Agency will take over responsibility from the Agriculture and Health Departments for all aspects of food safety and standards, and will take a significant role in work on nutrition policy. The Agency will take the lead in developing policy and preparing legislation on food safety and standards matters, and will be closely involved in the development of policy in other areas that may impact on food safety, such as farming practices. The Agency will also co-ordinate and monitor the enforcement of food law by Local Authorities.

The Agency will be a public body. A Commission of about twelve members will be responsible for its operations. It will report to Parliament through Health Ministers.

Public consultation on the White Paper ended on 16 March. A draft Bill is expected to be published for further consultation before being brought before Parliament as soon as Parliamentary time permits. Prospective members of the Agency's Commission will be identified as soon as the Bill has made sufficient progress, and will assist in the final preparations for the launch of the Agency. Subject to the passage of the necessary legislation, the Government anticipates that the Agency will be fully established toward the end of 1999.

In preparation for the Agency, the food safety and standards work of the Ministry and the Department of Health (DH) which will form the core of the Agency's responsibilities was reorganised on 1 September 1997 to form a single management unit (the Joint Food Safety and Standards Group) reporting to Ministers in both Departments.

Food Safety

Programme Code: PP1:01

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	2,049	1,549	1,561
of which payments to agencies	1,283	955	965
MAFF Administration Costs	3,154	3,154	3,328
Receipts	0	0	-21
Net Administration	3,154	3,154	3,307

3.1 The objective of this Programme is that food sold in the UK should be safe for consumption. MAFF has in place a system for identifying food safety risks, which comprises surveys of food, investigations and research. In-house and independent experts provide assessments of risk and action is taken on the best advice available.

Food Surveys

3.2 MAFF conducts food chemical surveys on a wide range of areas including natural toxins, food contaminants, food packaging materials and food additives. In 1997, 22 surveys were completed in these areas with no serious risks to food safety being found. However, a small number required action following unsatisfactory results eg a survey for the mycotoxin, ochratoxin A, found unexpectedly high levels in retail samples of raisins, sultanas and currants. Industry and consumers were immediately informed of the results and industry has taken action to reduce contamination to levels as low as technologically achievable in line with the expert advice provided by the Committee on Toxicity (COT). A follow-up survey is planned for 1998.

3.3 In the past year significant changes to the procedure for reporting the results of surveys have been introduced. These included broadening the publication base of survey results through, for example, the Internet, routinely seeking the advice of expert committees on the significance of survey results and providing more details of the samples analysed in a survey including brand names.

Independent Advisory Committees

3.4 MAFF relies on expert independent advisory committees to provide external advice on food safety matters. In some areas, the Ministry has joint responsibility with the Department of Health (DH) and details are set out in Annex 15. Work will continue in 1998 on making the advisory committees' work more accessible and in increasing public interest representation. The Government's intention of establishing a Food Standards Agency, following the publication of the James Report, will have an impact on the operation of the committees.

The Single Market Programme

3.5 A new EU Regulation on novel foods and novel food ingredients and Directives amending the existing controls on sweeteners and extraction solvents were adopted in 1997. Proposals to amend the controls on miscellaneous additives and flavourings will be considered further during 1998. An agreement is expected to be reached shortly on detailed rules for the labelling of genetically modified soya and maize.

3.6 The Commission Regulation setting limits for nitrate in lettuce and spinach was agreed and is now implemented in UK law. The UK has taken advantage of the derogation which exempts, for a transitional period, crops grown for the domestic market. The exemption applies providing growers follow codes of good agricultural practice and nitrate concentrations in these crops do not pose a risk to consumers. To this end, MAFF monitors nitrate levels in UK grown lettuce and spinach to ensure that consumers' dietary intakes will not exceed internationally agreed safety limits. Progress has been made in negotiations on an EU Commission proposal setting maximum limits respectively for aflatoxins and the heavy metals, lead and cadmium. The Ministry has taken the lead in developing sampling plans and analytical performance criteria for enforcement of the proposed Regulations.

Local Authorities

3.7 Under the Food Safety Act 1990, local authorities inspect food businesses to check compliance with food law and follow up complaints. They may issue improvement notices requiring remedial work, or close businesses forthwith, to avoid an imminent risk to public health. MAFF and DH (and their equivalents in Scotland, Wales and Northern Ireland) monitor local authority inspection programmes. The Ministry leads on food standards, chemical contamination, composition and labelling. Inspection routines are designed to concentrate effort on the areas of greatest risk. Table 3.1 summarises enforcement activity under this Programme and PP1:08. Microbiological work associated with this Programme has been combined with that on milk hygiene and meat hygiene to form a fully integrated Food Hygiene Programme PP1:02.

Table 3.1: UK food safety and hygiene inspections

Year	1992	1993	1994	1995	1996
No. Of UK visits/inspections*	894,000	869,000	859,000	829,000	827,000
Proportion of visits/inspections not requiring a follow-up visit	83%	81%	80%	80%	80%

* Inspection under both a planned programme and in response to complaints; establishments can be visited more than once a year.

New Policy for Releasing Brand Names with the Results of Food Chemical Surveillance

The Minister for Food Safety announced on 21 July that the Ministry was introducing a new policy for the release of brand names when reporting the results of food chemical surveillance. These important changes would improve openness and information to consumers about food safety and food quality matters. The Minister acknowledged that release of brand details must be handled fairly to provide the public with the best possible advice on their significance.

Previously, brand names had only been released on the rare occasions when a food safety problem was found and immediate action had to be taken to warn consumers. This arrangement remains unchanged under the new policy. However, under the new arrangements, brand names will also be released routinely for all the samples in a survey. The only surveys which will be excluded from these arrangements are those for which brand names have no bearing on the interpretation of the results, such as dietary surveys involving individual people or exploratory surveys aimed at developing analytical methods. In addition, the Ministry will give advance warning of surveys to be undertaken. These arrangements will be reviewed once they have been in operation for a reasonable period of time.

Initially, the new arrangements do not apply to surveys covering pesticides, veterinary medicines or the microbiological quality of food. However, MAFF is considering how to extend the new arrangements to these areas.

Food Hygiene

Programme Code: PP1:02

	Planned	Estimated Outturn	Plans
£'000	1997-98	1997-98	1998-1999
MAFF Scheme Costs	2,143	3,222	2,362
of which payments to agencies	1,761	1,956	1,369
Non-EU Receipts	-322	-1,510	-1,299
MAFF Administration Costs	4,803	4,877	2,271
Receipts	-1,450	-1,450	–
Net Administration	3,353	3,427	2,271

Note: From 1997-98 expenditure on all activities previously covered by this Programme and PP1:03 are contained within this merged Programme PP1:02, re-titled Food Hygiene.
Expenditure under this Programme includes policy, licensing and export certification activities. Meat hygiene inspections are covered under Programme EA1:06 (Meat Hygiene Service).

3.8 The objective of the Programme is to protect the public by promoting food hygiene. This is achieved by UK and EU legislation, by taking remedial action when incidents occur, by supporting R&D and surveillance programmes and the work of the Advisory Committee on the Microbiological Safety of Food (ACMSF) and by developing a strategy for publicity on food hygiene.

Meat Hygiene

3.9 The objectives of this element of the Programme are:

- a) to ensure that meat for human consumption is hygienically produced and wholesome and commands the confidence of consumers,
- b) to ensure that EU legislation takes account of UK interests, and
- c) to ensure that statutory requirements are effectively enforced.

3.10 EU legislation provides the framework for hygiene requirements for meat. In Great Britain, Agriculture Ministers advised by the State Veterinary Service (SVS) license premises. The Meat Hygiene Service (MHS), an Executive Agency of the Ministry, is responsible for enforcing hygiene inspection and welfare requirements in licensed premises. The MHS recovers its enforcement costs from industry. *Further information on the MHS can be found under the Programme entry for EA 1:06 in Chapter 9.*

3.11 Scheme costs relate to advice and consultancy from the Veterinary Laboratories Agency (VLA), and certain non-chargeable costs of the MHS. It also includes the costs of the Meat Hygiene Appeals Tribunal which considers appeals against Ministers' decisions to refuse or revoke premises' licences, as well as payments to Local Veterinary Inspectors for inspection and certification of meat for export to third countries and supervision of production and certification of meat and meat products sourced from bovine animals not slaughtered in the UK for export to all countries. Certification costs are recovered from exporters.

Licensing of Fresh Meat Premises

3.12 Licensing activity is summarised in Table 3.2. Red meat premises which had temporary derogations for structural work had to comply by the end of 1995, unless they had been granted an extension. As at 31 December 1997 there were 4 outstanding cases, including 1 operating under the appeal process following revocation of their licence, and 2 where extensions of time had not expired.

Table 3.2: Licensing of fresh meat premises

	Licensed at end 1996	Licences granted during 1996	Licences revoked	Licensed at end 1997
Red meat*	1,012	57	68	1,001
of which, temporary derogations	73	–	–	4
White meat	227	22	23	226
Wild game	18	1	2	17

*includes premises also licensed for white meat

The Meat Hygiene Appeals Tribunal

3.13 The Tribunal carried over 5 cases into 1997 and received a further 24 cases during the year. 10 cases were heard and the Minister's decision was upheld in all of them. 14 appeals were withdrawn prior to being heard.

Legislation

3.14 The Fresh Meat Regulations were amended with effect from 21 September 1997 to remove the "private kill" provision. This means that all red meat from animals slaughtered for human consumption at a licensed slaughterhouse will be subject to the full veterinary supervision and health requirements, even if the meat is intended to be returned to the owner for personal consumption. Also, by amendment to the Animal By-Products (Identification) Regulations (again on 21 September), meat from a bovine animal found to be over 30 months during slaughter must not be returned to the owner for personal consumption (unless the animal has been slaughtered under the Beef Assurance Scheme).

Government/Industry Working Group

3.15 A joint Government/Industry Working Group was set up in March 1997 to consider ways of achieving consistently high hygiene standards in red and poultry meat slaughterhouses. On 10 September, the forward work programmes recommended by the Group for both the red meat and poultry meat industries were published. Both programmes included recommendations to implement Hazard Analysis and Critical Control Point (HACCP) Plans, on a voluntary basis, in slaughterhouses and to introduce a new training and certification scheme for those employed in the industries.

Clean Livestock Policy

3.16 On 10 September, as part of the Government's initiative to drive up hygiene standards in slaughterhouses, the Meat Hygiene Service published the 'Clean Livestock Policy' booklet which aims to tighten the standards of cleanliness of livestock being

slaughtered for human consumption. The booklet provides guidance to the Official Veterinary Surgeon in making a consistent assessment of the cleanliness of livestock and to all sectors of the industry on how to ensure animals are in a satisfactory condition.

Publication of Enforcement Results

3.17 Since May 1997 the monthly "Meat Hygiene Enforcement Report" has been published. This includes details of enforcement action, the outcome of prosecution cases, the publication of banded Hygiene Assessment System scores for red meat and poultry slaughterhouses and cutting plants, and reports progress on initiatives being taken to drive up hygiene standards.

Milk Hygiene

3.18 The objective of this element of the Programme is to protect public health by ensuring that domestically produced milk meets statutory hygiene standards.

3.19 Dairy farms are periodically inspected by the Farming and Rural Conservation Agency (FRCA) on behalf of Agriculture Ministers in England and Wales to ensure compliance with the Dairy Products (Hygiene) Regulations 1995, as amended. These Regulations set the standards of hygiene under which milk from cows, sheep, goats and buffaloes is produced for human consumption. All milk production holdings in England and Wales must be registered and are subject to inspection. In addition, untreated cows' milk for sale direct to consumers is subject to regular microbiological testing.

3.20 Hygiene inspection visits take place on average once every 2-2½ years although producers with particularly high standards of hygiene are only visited every 3-4 years. Samples of untreated cows' milk are normally taken twice annually. Producers who fail to meet the statutory hygiene standards can ultimately be issued with a final notice cancelling their farm registration to produce milk for human consumption. The Ministry seeks to recover the costs of the inspection and sampling programme by levying charges on producers. There are currently exemptions from charging for pre-registration visits to dairy farmers and for sampling visits to small producers in remote rural areas and farmhouse caterers. Charges for hygiene (but not sampling) inspections of farms producing milk from sheep, goats and buffaloes will be introduced.

Table 3.3: The Milk Hygiene Programme in England and Wales

Year	1995-96	1996-97 (actual)	1997-1998 (estimate)
Number of registered producers	27,092	26,058*	25,000*
Number of producers of untreated milk	712	637	560
Number of inspection/sampling visits: Chargeable	14,370	15,320	15,346
Non-chargeable	884	900	800
% of registered producers receiving routine inspections	40%	43%	46%
Results: Number of final notices	29	73	60
Proportion of holdings served with final notices	0.1%	0.26%	0.3%
Cost recovery	93%	94%	95%

*includes goats, sheep and buffaloes.

3.21 Following a recommendation to Ministers from the Advisory Committee on the Microbiological Safety of Food, the Department is consulting interested parties on a proposal to ban sales of raw cows' drinking milk in England, Wales and Northern Ireland (such sales are already banned in Scotland). The closing date for submission of comments on the proposal was 3 February 1998. Ministers are considering the issues in the light of the responses received, before proposing how to proceed.

Fish and Shellfish Hygiene

3.22 The objective of this part of the Programme is to fulfil responsibilities as joint competent authority with the Department of Health for EU fish and shellfish hygiene Directives.

3.23 A key element in this Programme involves the monitoring of all commercial shellfish beds producing live bivalve molluscs in England and Wales for microbial contamination. Molluscan shellfish production areas are then classified according to EU criteria; this determines whether the shellfish can go directly for human consumption or require treatment beforehand. The 1997 classification programme was successfully completed and the results were issued to local food authorities and other interested parties. Other work required of the competent authority, and which is carried out on a regular basis, includes a programme of monitoring samples of both shellfish and seawater from production areas for the presence of marine biotoxins (paralytic and diarrhetic shellfish poison) and the monitoring of shellfish for chemical contaminants.

Food Hygiene Surveillance

3.24 Ministry funded surveillance is used to inform and assess food safety policies and to inform decision making by Government, Health Authorities, Local Authorities and the food industry. MAFF carries out two or three surveys a year under its microbiological food surveillance programme. In 1997 surveys were conducted on unpasteurised milk cheeses, unpasteurised cream and on minced beef, lamb and pork and the reports are in production. The report of the survey on Ready to Eat Meats and Meat Products Part 4: Dried & Fermented Meats was published and showed there to be very little evidence of contamination by food poisoning bacteria in these types of products. All survey results are published in the form of a publicly available report which is submitted to the ACMSF prior to publication for an assessment of their public health significance.

Independent Advisory Committees

3.25 Annex 15 contains details of the independent advisory committees concerned with Food Hygiene.

GENETICALLY MODIFIED ORGANISMS

Genes control the characteristics of an organism and are passed on from generation to generation. This has allowed useful qualities in plants and animals to be developed by selection and breeding. Such traditional breeding methods are slow but recent advances in molecular biology permit more rapid change.

Now that the location and functions of individual genes are being discovered, genetic modification procedures can be used to transfer useful genes between organisms of different species. Genetic modification technology is being developed in many countries, including the UK, and foods produced using genetically modified (GM) crops and micro-organisms are already entering the food supply.

Some crops that are available in the USA have been genetically modified for agronomic purposes. It is expected that agrochemical use will be reduced following the introduction of characteristics such as herbicide tolerance into oilseed rape, soya, cotton and maize, insect resistance into maize and potatoes and virus resistance into vegetable crops. Of these, herbicide tolerant soya and insect resistant maize have been imported into the EU since 1996. Other crops, such as tomatoes, have been genetically modified for improved processing and flavour characteristics. In Japan, rice has been genetically modified to remove an allergenic protein.

Legislative controls

The concept of genetic modification causes some public unease so legislative control is important not only to protect human health and the environment but to reassure the public that effective protection is in place. In the UK, the separate pieces of legislation which control the use of GM organisms are: the EU Regulation on Novel Foods and Novel Food Ingredients and UK Regulations implementing EU Directives 90/220 on the Deliberate Release into the Environment of Genetically Modified Organisms Regulation, 70/457 on the Common Catalogue of Varieties of Agricultural Plant Species and 70/458 on the Common Catalogue of Varieties of Vegetable Plant Species.

The EU Regulation on Novel Foods and Novel Food Ingredients came into effect on 15 May 1997. Approval is granted only if a detailed safety assessment establishes that a novel food is safe for consumption. Such assessments are carried out in the UK by the Advisory Committee on Novel Foods and Processes. The Regulation also contains labelling provisions and the UK is pressing for all foods which may contain GM material to be labelled clearly to give consumers a real choice in what they buy.

The cultivation of GM crops is controlled under EU Directive 90/220 on the Deliberate Release into the Environment of Genetically Modified Organisms which is aimed at preventing damage to the environment through the escape or release from human control of GM organisms. Applications for experimental release are assessed on a national basis and those for consent to market throughout the EU are assessed by all Member States.

Before varieties of agricultural crop species, including GM varieties, can be marketed to growers, they also have to be assessed under the UK's National List system. This ensures that new varieties meet minimum quality standards. The first GM crop varieties are unlikely to be grown by farmers before 1999. In the meantime, Ministers are considering what, if any, additional safeguards may be necessary to protect the environment.

Bovine Spongiform Encephalopathy and Scrapie

Programme Code: PP1:04

£'000		Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs		63,446	39,273	31,472
of which	additional SBM enforcement measures	25,269	18,440	21,590
	payments for VLA specialist services	2,336	2,336	2,336
	MBM Feed Recall	–	–	–
	Cattle Tracing	25,000	–	–
	Selective Cull (Valuations)	2,700	1,908	968
	Scrapie compensation	–	–	1,400
	payments to agencies	30,092	25,133	26,140
	payments to individuals	3,907	4,675	3,173
IB Scheme costs		164,430	119,716	36,060
of which	MBM Recall	500	475	–
	Selective Cull	163,930	119,241	36,060
EU Receipts		-91,350	-33,634	-23,000
MAFF Administration Costs		15,667	15,667	48,984
Receipts		-305	-305	-201
Net Administration		15,362	15,362	48,783

The gross administration cost for 1998-99 includes £22 million for CTS and £7 million for SRM control work.

3.26 An overview and summary of the activities related to BSE during the year is included in Chapter 2. Details of the R&D expenditure are included in Chapter 8.

3.27 The objectives of this Programme are:

- a) to control and if possible to eradicate BSE, and
- b) to ensure that material which may harbour the BSE agent is removed from the food chain and destroyed.

3.28 At the beginning of the financial year, the Ministry pursued these objectives by the following established measures:

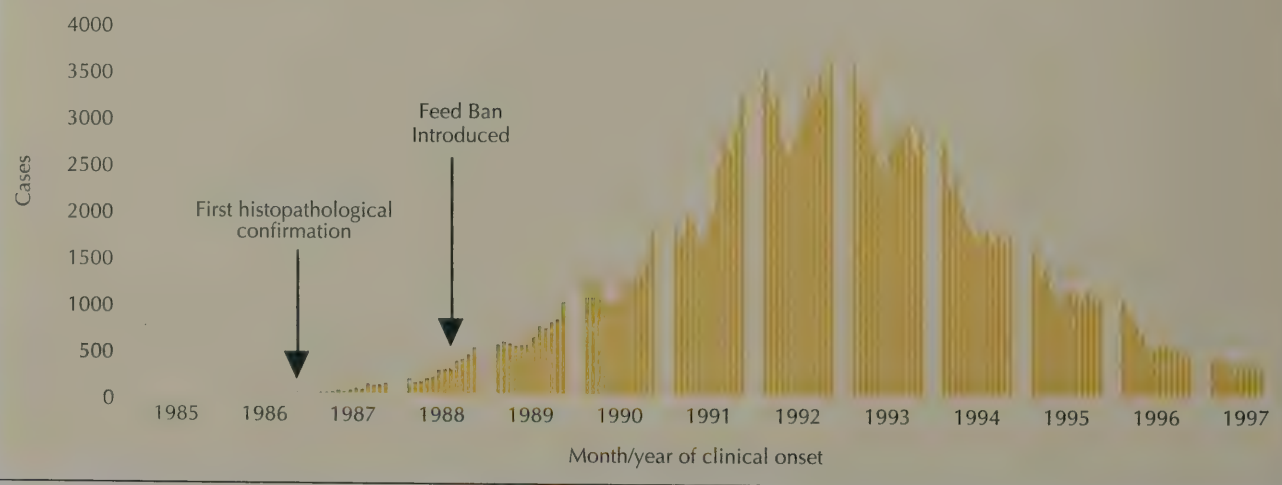
- a) compulsory slaughter with compensation for all cattle suspected of having BSE;
- b) banning the use of mammalian meat and bone meal in feed for all farmed livestock (including fish and horses) and banning the use of mammalian protein (apart from milk protein and certain other limited exceptions) in ruminant feed;

- c) banning the use for any purpose of those bovine offals most likely to harbour BSE infectivity and the heads of sheep and goats; and
- d) excluding meat and meat products from bovine animals over 30 months old from the human food chain.

3.29 Scheme costs include compensation for suspect animals slaughtered, payments for slaughter and disposal of carcases. They also cover payments to the Meat Hygiene Service for operating controls in slaughterhouses and to the Veterinary Laboratory Agency (VLA) for work on the pathology and epidemiology of the disease. This Programme includes provision for the costs of SBM enforcement measures, cattle traceability and MBM measures, but not OTMS, CPAS and aid to renderers which are covered by Programme CE1:20 Beef. The main differences between planned and estimated outturn expenditure are in relation to the selective cull where fewer animals were slaughtered in the financial year than had been anticipated; SBM enforcement measures where the controls were introduced on 1 January rather than on 1 October as was predicted at the time the plans were made; and cattle traceability where administrative costs were erroneously included in the plans as scheme costs. Expenditure on compensation payments following slaughter of BSE suspects continues to fall off in line with the decline in the epidemic.

3.30 The BSE epidemic peaked in the early months of 1993. Since then it has declined at the rate of about 40% per annum and this trend has continued into 1997. At present fewer than 100 cases are being confirmed each week compared with over 1,000 at the peak of the epidemic.

Figure 1: Confirmed cases of BSE plotted by month and year of clinical onset



Scrapie

3.31 Scrapie was made a notifiable disease in January 1993. Listed below are the number of positive scrapie cases recorded since 1990. The number of cases for some years are greater than those published in previous Departmental Reports because of late reporting of positive cases.

Table 3.4: Number of positive scrapie cases

Year	1990	1991	1992	1993	1994	1995	1996	1997 (provisional)
	348	989	666	328	235	254	453	394

SEAC has recognised that there is a likely problem with under reporting of the disease. The increase in notifications in 1991 and 1992 was probably due to payments made to farmers for scrapie cases for rendering experiments and the increase since 1996 was most likely due to the encouragement of farmers by research workers to notify cases.

3.32 MAFF intends to introduce a compulsory slaughter and compensation scheme in 1998 which will reinforce the existing legal requirement on farmers to notify cases of scrapie by providing new powers for the compulsory slaughter of affected animals with payment of compensation. The scheme is expected to improve our knowledge of the incidence of the disease and provide additional information and materials for epidemiological study.

Removal of Meat and Bone Meal from Feed Mills and Farms

3.33 The main measure to limit the epidemic of BSE in the cattle population is a ban on the inclusion of mammalian protein in ruminant feed. In order to avoid cross contamination, mammalian meat and bone meal (MBM) may not be used in feed for farmed livestock.

3.34 To monitor compliance with the feed controls, the Government has put in place a feed sampling programme which fulfils the requirements of EU Commission Decision 95/287. The programme is conducted by the State Veterinary Service (SVS). Between February 1996 and July 1997, feed mills, farms using on farm mixers and any site where feed or ingredients for feed are produced or stored, were sampled. The sampling regime is targeted towards the largest mills. On 1 August 1997 a new, larger feed sampling programme based on a comprehensive analysis of feed producing premises was launched by the SVS. This covers more premises than the previous survey and will result in more samples being tested for prohibited material. Since February 1996, 15,784 samples have been taken and 0.3% tested positive or inconclusive for the presence of mammalian protein. Investigations at 23 mills which had positive or inconclusive results have been completed. One breach of the feed controls has been identified and dealt with by the courts.

3.35 During 1996, a feed recall scheme was launched in order to remove feed containing mammalian MBM from farms. About 11,000 tonnes of feed were collected. Disposal to landfill was completed on 10 May 1997.

Removal of Specified Bovine Material (SBM) from carcases

3.36 The rules on removal of SBM are enforced by the MHS in licensed slaughterhouses and licensed cutting plants and by Local Authorities in other premises. The SVS carries out regular, unannounced visits to verify the effectiveness of MHS enforcement. The results of these SVS audit visits show that in 1997 there was over 99% compliance with the SBM rules. The few unsatisfactory findings have mainly related to inadequate storage, staining and record keeping, none has related to a failure to remove SBM from the food chain. There have been no instances of spinal cord being found on carcases in GB licensed slaughterhouses since March 1996.

Effective implementation of the Over 30 Month Rule

3.37 The ban on the sale for human and animal consumption of meat from animals aged over 30 months came into force in March 1996. The Regulation establishing the Over Thirty Month Scheme (OTMS) was published on 29 April 1996, with the first animals slaughtered on 3 May. The scheme is administered by the IB. Animals slaughtered under the OTMS are slaughtered separately and taken out of the food chain. By January 1998 some 2 million animals have been slaughtered in this way.

Beef Assurance Scheme

3.38 On 19 August 1996 the Beef Assurance Scheme was launched. Under this scheme meat from animals aged 30-42 months can be exempted from the 30 month rule and sold for food provided that the herds meet stringent conditions. Uptake has been disappointing. Initially, on the basis of enquiries made to breed societies, the scheme was expected to attract 2,000–3,000 member herds. However, a total of only 82 herds containing 4,523 animals were registered under the scheme by 6 February 1997.

Selective Cull Programme

3.39 The scheme aims to accelerate the eradication of BSE through the slaughter of animals considered to be most at risk of infection. It targets groups of animals ('cohorts') born between 1 July 1989 and 30 June 1993 which are considered to have shared the same infected feed as confirmed BSE cases in the first 6 months of life. Those animals born in the three cohort years running from 15 October 1989 to 30 June 1993 are slaughtered compulsorily, while those born in the cohort year running from 1 July 1989 to 14 October 1990 are slaughtered only if the owner offers them voluntarily. Visits to the herds of birth of BSE cases in order to identify animals to be culled began on 27 January 1997. They were completed (or in the case of a few cohorts in the voluntary year, the owner contacted and a visit refused) by the target date of 31 October 1997, in all but a handful of cases. It is currently estimated that 100,000 animals fall to be culled under the

scheme if still alive, of which 60% are in the voluntary cohort year. By 6 February 1998, restriction notices had been served on 34,200 voluntary cohort animals, of which 30,000 had been slaughtered under the cull. For compulsory cohort animals, the numbers are 35,000 and 31,000, respectively. A further 149,000 potential cohort animals have been found to be already dead, of which 96,000 were in the voluntary cohort year. (The animals identified as already dead are additional to the estimated 100,000 to be slaughtered under the cull).

Offspring Cull

3.40 On 2 October 1996, the UK submitted proposals to the Commission for the compulsory slaughter of all offspring born on or after 1 August 1996 to BSE infected dams. These proposals underpin those for a Date Based Export Scheme by removing animals born on or after 1 August 1996 which may have been infected through maternal transmission, the only known route of infection after that date. It is estimated that the proposed scheme will result in the slaughter of around 14,000 animals if pursued over the remainder of the epidemic. Most of these animals will be traced and slaughtered in the first year of operation of the scheme. The cost will be largely determined by the compensation terms.

Cattle Tracing

3.41 Cattle born or imported after 1 July 1996 which do not have a valid cattle passport cannot be accepted for slaughter for human consumption. The passport is surrendered to the competent authority on the death of the animal, when the computer record is updated. As at 2 February 1998, 4,161,093 passports have been issued. In addition, 686,131 calves with temporary calf passports have been processed under the Calf Processing Aid Scheme.

Animal Identification and Movement Recording System

3.42 On 30 July 1997 the Food Safety Minister announced the Government's intention to introduce a computerised system to track all cattle movements in Great Britain – the Cattle Tracing System (CTS). The new system will give the United Kingdom one of the most advanced tracing systems in Europe. The database is planned to be up and running in late summer 1998, well in advance of the European Commission's deadline of the end of 1999.

3.43 There will be one system to cover Great Britain. It will build on the existing cattle passports database which has been operational since 1 July 1996. In addition to animal registration details, the CTS will record individual animal movements from birth to death and is expected to handle over 20 million cattle movements a year.

3.44 A new organisation – the British Cattle Movements Service (BCMS) – is being set up within the Ministry to manage the cattle movements database. The BCMS will also be taking over responsibility from MAFF Regional Service Centres for processing applications for and issuing cattle passports. The BCMS is located in Workington, West Cumbria and will create over 200 new jobs.

3.45 The Government will meet the start up costs for the CTS, and the running costs, including those of enforcement, during the first full year of operation. The total start up costs for establishing the CTS are expected to be around £15 million. The specific costs for preparing the accommodation at the Workington site are estimated to be around £3.5 million. From the second year of operation, CTS costs will be recovered through a charge on Cattle Passports.

Information

3.46 Information on BSE is disseminated by the following means.

- a) The results of enforcement of BSE legislation, including SBM controls and those on the heads of sheep and goats, the SVS survey of animal feedingstuffs and the results of the inspections of registered gelatin and tallow manufacturers are published monthly in the BSE Enforcement Bulletin.
- b) Fortnightly reports of enforcement action are provided to the EU Commission.
- c) A regular 6 monthly report is presented to Parliament.
- d) The BSE site on the Internet has been upgraded.
- e) Publications on the public and animal health aspects of BSE are regularly updated; a new booklet summarising progress towards lifting the export ban was published on 2 February 1998.

In addition, 496 replies to Parliamentary Questions, 1,438 replies to correspondence from Members of Parliament and 3,531 replies to enquiries from the general public have been prepared.

Use of External Consultancies on BSE Issues

Coopers & Lybrand

3.47 Coopers & Lybrand continued their work for the Ministry on the design and implementation of support for the rendering industry. This included

- a) advice on the design of the Rendering Industry Support Scheme 1997,
- b) examination of the prospects for the recovery in the markets for renderers' products, and
- c) verification of renderers' entitlements to support for 1996-97 under the Rendering Industry Support Scheme 1996.

PA Consulting

3.48 PA Consulting, following a competition, were appointed to assist the Department in establishing a computerised cattle tracing system. They took up the appointment in May 1997. The system will be operational in 1998.

Veterinary Medicines

Programme Code: PP1:05

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	2,688	2,688	2,460
of which payments to agencies	2,688	2,688	2,460
MAFF Administration Costs	183	183	183
Receipts	-142	-142	-142
Net Administration	41	41	41

Note: expenditure under this Programme covers policy and some residues surveillance activities. Authorisation and other residues surveillance work is covered under Programme EA1:05

3.49 The Ministry's objectives for this Programme are:

- a) to ensure the safety, quality and efficacy of veterinary medicines in the UK, and thereby safeguard public health, animal health and the environment, and
- b) to promote animal welfare.

3.50 These are achieved through the authorisation and control of the manufacture and marketing of veterinary medicines, comprehensive post-authorisation surveillance, residue testing and an R&D programme.

3.51 Programme PP1:05 provides for payments to an Executive Agency, the Veterinary Medicines Directorate (VMD) for policy work, which includes the provision to Ministers of advice on veterinary medicine issues and the non statutory residues surveillance programmes for veterinary medicines. Marketing authorisation and statutory residues surveillance work are also undertaken by the VMD and the costs of this are recovered from fees and charges paid by the respective industries. *(For further details on the VMD see Programme EA1:05 in Chapter 9).*

3.52 The Veterinary Products Committee (VPC) is an independent expert committee that advises Health and Agriculture Ministers, acting as the licensing authority, on the safety, quality and efficacy of veterinary medicines. The Government accepted the advice of the VPC which followed a review of the effectiveness of the Certificate of Competence Scheme for the purchase of organophosphorus (OP) sheep dips, and asked the VPC to carry out two further reviews on the use of non-OP sheep dips and other OP veterinary medicines. The question of the development of antibiotic resistance continued to generate considerable interest and, in addition to VPC examination of the issue, a monitoring programme is to be set up by the EU Commission. Evidence of antibiotic resistance is

being studied in the UK by a working party of the Advisory Committee on the Microbiological Safety of Food and there are international studies co-ordinated by the Committee on Veterinary Medicinal Products which advises the EU Commission and by the World Health Organisation and the VPC are keeping in close touch with these initiatives. The VMD conducted a major review of the UK legislation regulating the use of zootechnical feed additives and medicated feedingstuffs and draft Regulations were put out to consultation on 10 October 1997. The new Regulations are due to take effect in April 1998.

3.53 Surveillance for residues of veterinary medicines in meat and animal products indicates that the risk to consumers is negligible and that there is no evidence of illegal use of banned substances. Results are reported in the Annual Report on Surveillance for Veterinary Residues in 1996 and in the quarterly Medicines Act Veterinary Information Service (MAVIS) (*both available from the Veterinary Medicines Directorate, for details see Programme EA1:05 in Chapter 9*). Council Directive 96/23 provides that the statutory programme of surveillance will be extended to poultry and farmed fish from 1 January 1998. Milk, eggs, honey and wild and farmed game will be included from 1 January 1999. Charges on industry to cover the costs of surveillance for poultry, farmed fish, milk, eggs, and wild and farmed game were also introduced on 1 January 1998.

3.54 The White Paper on the Food Standards Agency sets out its proposed involvement in the control of veterinary medicines, particularly in relation to public health issues concerning food. However, it is proposed that the VMD should remain an Executive Agency of the Ministry.

Pesticides Safety

Programme Code: PP1:06

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	4,950	4,951	4,950
of which payments to agencies	4,950	4,950	4.950
MAFF Administration Costs	256	256	255

3.55 The Ministry's objectives for this Programme are:

- a) to ensure that pesticides are approved only when they can be used safely as regards human health and the environment;
- b) to ensure that they are effective; and
- c) to ensure that the amount used is the minimum necessary for the control of pests, compatible with the protection of human health and the environment.

3.56 The Ministry has the lead role in respect of the regulation of agricultural pesticides in Great Britain. However, the Department of Health, the Department of the Environment, Transport and the Regions (including the Health and Safety Executive), the Scottish Office and the Welsh Office also have important responsibilities.

3.57 Government policy is implemented through the rigorous evaluation of new and existing pesticides, and through comprehensive monitoring of usage, wildlife incidents and residues. Government policy on pesticide use is developed in consultation with the Pesticides Forum, a body which comprises representatives from environmental, consumer and agricultural interests. The Forum has developed an Action Plan to serve as an agenda for promoting responsible pesticide use particularly through the uptake of integrated crop management.

3.58 MAFF makes payments to the Pesticides Safety Directorate (PSD), an Executive Agency, for commissioned policy work. This work includes the provision of advice to Ministers, representing the UK on pesticides matters in Europe and internationally, developing legislation and certain monitoring and review work. Other work is covered under Programme EA1:04. On 31 January 1997, legislation came into force updating the UK regulatory system and completing implementation of the EU regime. The Government is pressing for an amendment to EU law to enable PSD to charge industry for future reviews under the EU programme to ensure that there is a firm long-term basis for this work. *(For further information on PSD see Programme EA1:04 in Chapter 9).*

3.59 PSD has taken the lead role in revising the statutory "Code of Practice for the Safe Use of Pesticides on Farms and Holdings" and "Code of Practice for Suppliers of Pesticides to Agriculture, Horticulture and Forestry". Revised versions of both Codes were laid before Parliament on 12 January 1998.

Radiological Protection and Food Contamination Incidents

Programme Code: PP1:07

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	2,828	2,729	2,756
of which payments to agencies	2,614	2,512	2,519
MAFF Administration Costs	1,619	1,619	1,614
Receipts	-2,900	-2,900	-2,900
Net Administration	-1,281	-1,281	-1,286

Note: Following the reorganisation of the Ministry's work on radiological protection and food safety emergencies, PP1:07 now includes components previously contained in PP3:02, RE2:04 and CE1:21. A significant proportion of administration costs became scheme costs when the Directorate of Fisheries Research assumed agency status (as CEFAS) on 1 April 1997. *(See the entry under EA1:09 in Chapter 9)*

3.60 The main objectives of this Programme are:

- a) to ensure that exposure of members of the public to radioactivity through all parts of the food chain is kept below internationally prescribed limits and as low as reasonably practicable,
- b) to minimise the impact of radioactive waste disposal on fisheries, food and farming, and
- c) to protect the public from and minimise the impact of accidents resulting in contamination of the food chain with non-radioactive chemicals.

3.61 Under the Environment Act 1995, discharges of radioactive waste from nuclear sites in England may take place only if authorised by the Environment Agency. The Agency is required by the Act to consult the Minister on all applications for such authorisations for nuclear licensed sites, and he shares with the Secretary of State for the Environment powers to direct the Agency to refuse, grant or attach conditions to an authorisation; the Ministry is also consulted on the authorisations for all other sites. Since the creation of the Environment Agency it has remained MAFF's responsibility to assess the radiation doses received by members of the public and carry out monitoring of radioactivity in the food chain.

3.62 The Ministry continues to monitor terrestrial and aquatic foodstuffs for radioactivity to confirm the safety of the food chain. Public doses remain well within national and international limits and constraints: the international limit is one millisievert.

Table 3.5: Sellafield critical dose from liquid radioactive waste discharges

Year	1991	1992	1993	1994	1995*	1996*
Dose as % of international limit	15	19	18	14	12	14

*The 1995 and 1996 dose has been evaluated using updated guidance on the conversion factors between the intake of radioactivity and the dose received. Therefore these values are not strictly comparable with those for previous years. The limit remains 1 millisievert.

3.63 Since 1995 MAFF has published the results of the aquatic and terrestrial radiological surveillance programmes in a single annual report, Radioactivity in Food and the Environment (RIFE). On 30 September 1997 the second RIFE report was published jointly by MAFF and the Scottish Environment Protection Agency (SEPA) and for the first time included a complete appraisal of results relating to Scotland. Results for 1996 showed that the maximum potential exposure levels to consumers of agricultural produce and fish and shellfish were 5% and 14% respectively of the limit of 1 mSv. (For comparison, the average dose to members of the public due to natural background is 2.6 mSv in the UK).

3.64 In the summer of 1996 a survey of the sheep in the remaining post-Chernobyl restricted areas of Cumbria was carried out. The results enabled us to continue the gradual relaxation of controls and there are now just 10 holdings in Cumbria still subject to control.

3.65 MAFF investigated 229 possible food safety incidents involving non-radioactive chemicals during 1997; a 13% increase over the previous year. All of the incidents were resolved without recourse to statutory measures, often through swift voluntary action by farmers to restrict the movement of affected animals until the risk had passed. In addition, MAFF investigated one possible food safety incident involving the radioactive chemical ruthenium-106. The results of this investigation were published on the Internet. To test out its plans, the Ministry participated in twelve internal and interdepartmental emergency response exercises.

3.66 A key task for the coming year will be to publish the combined terrestrial and aquatic radioactivity monitoring report, RIFE 3, in conjunction with SEPA by October 1998. MAFF responded to 60 consultations undertaken by the Environment Agency, 100% of them within the time allowed.

Food Quality and Nutrition

Programme Code: PP1:08

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	1,811	1,810	1,709
of which payments to agencies	578	555	522
MAFF Administration Costs	2,121	2,121	2,121

3.67 The objective of the Programme is to ensure that consumers have the information they need to choose a healthy and nutritious diet and are not misled by the way food is described.

3.68 The Programme covers advice, regulation and surveillance on nutrition, food composition and labelling.

Nutrition

3.69 The Ministry is currently concerned with the nutritional value of food and the diet, though this work is expected to transfer to the Food Standards Agency when it is established. Advice on these matters is used in the development of a variety of Government policies and strategies. Examples in 1997 include the development of policy on nutritional labelling; on dietary supplements and fortified foods (including the UK's response to an EU Commission discussion document); and on school meals.

3.70 The information on the nutritional value of the diet underpins policy development and is collected through surveys of the composition of foods and of the diets of representative samples of the population. The latter surveys include the National Diet and Nutrition Survey (NDNS), jointly funded by MAFF and the Department of Health. The NDNS of people aged 65 and over will be published in the spring of 1998. Fieldwork for the later NDNS of children aged 4-18 took place between January 1997 and January 1998 and data are now being collated.

3.71 The Department continues to work closely with DH which is responsible for links between nutrition and health.

EU legislation

3.72 Amendments to the Food Labelling Directive were adopted on 27 January 1997 and will require quantitative ingredient declarations to be given on food labels by 14 February 2000. The declarations will be required, subject to certain exemptions, for those ingredients which appear in the name of a food or which are usually associated with that name by consumers; are emphasised on the label in either words, pictures or graphics; or are essential to characterise the food and to distinguish it from products with which it might be confused because of its name or appearance. The declaration will need to appear in or next to the name of the food or in the ingredients list and must be shown as a percentage. A Common Position was adopted on a proposed Council Directive to reduce the number of foodgroups listed in the Annex to Directive 89/398 on Foods for Particular Nutritional Uses. A Commission Directive amending the existing Directive on weaning foods to permit the continued marketing of certain dairy products and sauces and to set maximum levels on certain vitamins and minerals, was agreed.

3.73 An amended Natural Mineral Waters Directive 80/777 will have full effect from 28 October 1998, subjecting spring waters to many of the rules for natural mineral waters and permitting the ozonisation of bottled waters. A draft Commission Directive on the use of ozonated water is under discussion. Discussions continued on proposals to update seven vertical food compositional Directives, including the Chocolate Directive. At its first reading in October, the European Parliament (EP) proposed additional labelling and removal of the derogation for UK milk chocolate. These amendments were unsatisfactory from the UK point of view and will be resisted.

UK legislation

3.74 Amendments to the UK Natural Mineral Water Regulations 1985 have been drafted to give effect to the new EU requirements and will go out for public consultation in 1998. Responses to a discussion paper circulated on 20 December 1996 on the review of the 1984 Meat Products Regulations are being considered and final proposals will be published once the rules on applying Quantitative Ingredient Declarations have been clarified.

3.75 Regulations implementing three Directives on foods for particular nutritional uses – infant and follow-on formulae, weaning foods and slimming foods – were laid on 25 February, 21 August and 8 September 1997 respectively. Consultation on legislation to implement rules on quantitative ingredient declarations began on 19 August 1997 with the aim of having final Regulations in place well before they will need to come into force on 14 February 2000.

Local Authorities

3.76 Work continued on the review (in conjunction with DH and the Welsh and Scottish Offices) of the Codes of Practice issued to local authorities under Section 40 of the Food Safety Act 1990. This work was interrupted by the need to make urgent changes to two of the Codes in response to the recommendations of the Pennington Report, and draft revised versions will be issued for public consultation in 1998.

Food Authenticity

3.77 Consumers must be given proper information about the food they buy. Local authority enforcement work is underpinned by a MAFF surveillance programme to check the extent of misdescription and adulteration nationally. The results of two surveys were published: added water in cured meat and misdescription of whisky in on-sale premises. 3% of the cured meat samples were found to contain undeclared amounts of excess added water. Irregularities were detected in 4% of the whisky samples analysed. All results were passed to the relevant enforcement authorities and, for the first time, the Ministry has published full details of the brand names and suppliers of all products tested including the misdescribed products.

Feedingstuffs and Fertiliser Standards

Programme Code: PP1:09

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	324	238	260
of which payments to agencies	154	12	25
Non EU Receipts	–	–	-35
MAFF Administration Costs	465	465	389

3.78 The objectives of this Programme are;

- a) to safeguard the health of animals and of people eating animal products,
- b) to ensure free and fair trade within the EU, and
- c) to enable purchasers to make informed choices.

3.79 The Programme operates through legislative controls on labelling and compositional standards. The various EU Directives are implemented in Great Britain by the Feeding Stuffs Regulations 1995 and the Fertilisers Regulations 1991, augmented by separate controls for enforcement purposes on sampling and analysis. Separate but parallel legislation applies in Northern Ireland. Scheme costs represent payments for investigations and the provision of scientific and technical advice.

3.80 Feedingstuffs legislation covers safety measures including a list of approved feed additives and maximum permitted levels of contaminants. It also governs the description of certain materials and the labelling of products. In 1997 work was progressed on Regulations to implement a number of EU Directives. These include measures on feed additives, the circulation of feed materials and the inspection and approval of establishments operating in the animal feedingstuffs sector.

3.81 The Commission has proposed a new category of product, 'nutritional supplements for animals'. Negotiation of this and expected proposals covering novel feedingstuffs and further rules on feed additives will be an important task in 1998.

3.82 EU rules on fertilisers were one of the topics chosen for review under Part II of the EU Simpler Legislation in the Internal Market programme. A re-ordering of the EU measures will be the main outcome in respect of inorganic fertilisers, with some simplification of future work.

Zoonoses

Programme Code: PP2:01

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	19,679	20,187	20,087
of which payments to agencies	6,144	6,490	6,271
payments to individuals	2,770	2,615	3,060
Non EU Receipts	-279	-1,056	-561
MAFF Administration Costs	10,188	10,188	14,277
Receipts	-11	-11	-11
Net Administration	10,177	10,177	14,266

From 1997-98 expenditure under this Programme includes former Programme PP 2:02, Salmonella and other Zoonoses

3.83 The main objectives of this Programme are:

- a) to maintain the Official Tuberculosis and Brucellosis Free status of British cattle and sheep (and Official Brucellosis Free status of goats),
- b) to reduce the number of bovine tuberculosis outbreaks, and to prevent the occurrence of brucellosis,
- c) to prevent the introduction of rabies, and
- d) to monitor and reduce the incidence of salmonella in livestock and animal feedingstuffs.

Bovine Tuberculosis (TB)

3.84 The incidence of bovine TB has continued to rise, but at a lower rate than anticipated. The principal area of infection is in South West England. However, the disease is also occurring in areas with no recent history of infection (eg parts of West Staffordshire).

DISTRIBUTION OF HERDS WITH REACTORS TO THE TUBERCULIN TEST IN 1997



3.85 An independent review group, under the chairmanship of Professor John Krebs, FRS, published its report on 16 December 1997.

3.86 The major task for 1998 will be further consideration and implementation of the findings of the Krebs Review. In addition, Commission proposals for amendments to Council Directive 64/432 are expected to be discussed by the Agriculture Council in 1998. The proposals have significant implications for future TB control arrangements.

Brucellosis

3.87 Officially, Brucellosis Free status was achieved for Great Britain on 18 December 1996.

3.88 Reductions in the brucella testing regime were implemented from 10 March 1997. The minimum age for routine blood testing of cattle was increased from 12 to 24 months. A new milk test for brucellosis was introduced on 1 April 1997 and, from the same date, testing is taking place at 3 laboratories which were approved following a tendering exercise.

3.89 There were no confirmed cases of bovine brucellosis in Great Britain in 1997.

Rabies

3.90 The UK continued to remain free of rabies in 1997.

3.91 A scientific assessment of possible alternatives to the policy of quarantining for six months cats and dogs that enter the UK was announced on 2 October 1997. This assessment is being carried out by an Advisory Group on Quarantine, chaired by Professor Ian Kennedy of University College, London. The assessment will be followed by a full public consultation exercise in 1998. The options being assessed against the current policy of quarantine are:

- a) reduction of length of time that cats and dogs spend in quarantine;
- b) allow in cats and dogs which have been resident in an EU or EEA Member State or possibly certain other rabies free countries, and have been properly identified, vaccinated and blood tested. Checks would take place on such animals on entry to the UK. Animals from other countries would continue to be subject to quarantine;
- c) a similar system to (b), except that checks would take place at inland reception centres;
- d) vaccination for all imported cats and dogs, with quarantine being ended regardless of the country of origin;
- e) a similar system to (d), except that all cats and dogs in the UK would be vaccinated.

3.92 The current policy of quarantine requires all pet mammals imported from outside the British Isles to spend six months isolation in approved quarantine premises at the pet owner's expense. Pending the results of the scientific assessment and public consultation, the existing quarantine policy remains in place.

Table 3.6: Outbreaks[1] in Great Britain, 1991-1997

Year	1991	1992	1993	1994	1995	1996	1997 (est.)
TB	125	155	277	362	449	471	520
Brucellosis	0	0	1[2]	0	0	0	0
Rabies	0	0	0	0	0	1[3]	0

[1] An "outbreak" of TB or brucellosis relates to the confirmation of disease in a herd and may involve more than one animal. Figures relate only to outbreaks in cattle.
[2] Incorrectly listed against 1992 in the 1997 Report.
[3] One case of European Bat Lyssavirus.

Salmonella

3.93 Salmonella scheme costs in Great Britain comprise mainly compensation payments for compulsorily slaughtered poultry, the costs of collecting and testing official samples and payments to VLA and ADAS. Receipts result mainly from charges for the collection and testing of official samples from poultry breeding flocks/hatcheries and authorising laboratories to undertake private testing. The incidence of other non-notifiable zoonotic diseases in animals is also monitored.

3.94 The number of recorded incidents of Salmonella typhimurium in cattle, sheep and poultry, has continued to fall during 1997. Salmonella enteritidis incidents in livestock have remained largely at the same levels as found in 1996. The figures are in contrast to data issued on isolations from humans which have shown a significant increase during the year.

3.95 Work has continued on outbreaks of human disease thought to be associated with farm livestock or animal products, in particular following incidents of human E.coli 0157 infection. New Codes of Practice in the control and prevention of salmonella series covering cattle and pigs will be published soon.

3.96 The main EU legislation on salmonella in livestock (the Zoonoses Directive) is due to be amended by 1 June 1998, although there has so far been no sign of Commission proposals.

Anthrax

3.97 There was 1 outbreak of anthrax in livestock in Great Britain during 1997.

Table 3.7:

(a) Reported incidents in Great Britain of salmonella in farm animals 1990-97

Calendar Year	1990	1991	1992	1993	1994	1995	1996	1997*
Cattle & Calves	1,387	1,051	940	1,465	1,899	2,052	1698	1212
Sheep	194	176	106	106	188	211	237	206
Pigs	228	232	261	346	360	353	379	298
Fowl	1,906	1,803	1,447	1,295	744	841	918	852
Turkeys	992	709	441	327	401	277	231	168
Ducks & Geese	97	361	453	357	133	102	102	98

(b) Reported isolations in Great Britain of salmonella in feedingstuffs 1990-97

Calendar Year	1990	1991	1992	1993	1994	1995	1996	1997*
Finished feed	636	599	545	706	904	809	723	518
Animal Protein	210	238	161	133	256	203	122	82
Vegetable Protein	478	1,126	897	834	936	752	646	576
Miscellaneous	0	10	138	354	234	206	213	148

(c) Poultry breeding flocks infected with Salmonella enteritidis or Salmonella typhimurium 1995-97

	Salmonella enteritidis			Salmonella typhimurium		
Calendar Year	1995	1996	1997	1995	1996	1997
Layer breeders	1	2	0	0	1	0
Broiler breeders	14	3	9	2	1	0
Total	15	5	9	2	2	0

(d) Number of outbreaks of anthrax in Great Britain 1991-97

Calendar year	1991	1992	1993	1994	1995	1996	1997
	2	2	2	3	1	3	1

* Data received for samples taken during 1997 and notified up to 5 January 1998

By planning to safeguard essential supplies in an emergency

Emergencies

Programme Code: PP3:02

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	27	27	27
MAFF Administration Costs	327	327	308

3.98 The objective of this Programme is to maintain and develop plans to safeguard essential food supplies in times of national emergency. The Ministry pursues this Programme's objective in three main ways. Departmental Emergency Preparedness is maintained by an annual review of 33 contingency plans, reduced by rationalisation from 37 last year. These plans are amended to take account of lessons learned from actual emergencies and exercises as well as organisational changes in the Department.

3.99 A Departmental Emergency Control Centre is retained in a state of readiness, with its associated communication and computer facilities. These include a food stocks modelling system (the Food Vulnerability Model) which can assist impact assessments of actual and potential food emergencies. The system has been installed in the Welsh Office and a similar arrangement with the Scottish Office is under consideration; extension of the system to the MAFF regions is the subject of a current study. The Departmental Emergency Control Centre's facilities were used for three MAFF food contamination exercises during 1997. It was also used when the Ministry participated in a NATO crisis management exercise. These exercises have highlighted the continuing need for the testing of contingency plans. A major food contamination exercise is planned for 1998.

3.100 Contingency plans are maintained for response to specific emergencies, such as severe weather and natural disasters. These depend on reports from Regional Service Centres in the affected area. Defence plans have been reviewed and shelved in a revivable form while the MAFF War Book, in line with Cabinet Office advice, remains a live document.

3.101 The key tasks are to ensure Departmental Emergency Preparedness, including, co-ordination of effort with other Government Departments and Agencies, and to respond to actual emergencies.

By promoting action to alleviate flooding and coastal erosion

Flood and Coastal Defence

Programme Code: PP4:01

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	65,703	81,115	56,890
of which payments to agencies	103	20	98
Non EU Receipts	-36	-86	-36
MAFF Administration Costs	2,085	2,085	2,058
Environment Agency Levies	186,249	186,249	192,316
Supplementary Credit Approvals	12,000	12,000	16,000

3.102 This Programme aims to reduce risks to people and to the developed and natural environment from flooding and coastal erosion in England.

3.103 MAFF scheme costs mainly comprise grants for flood defence and coast protection. The table also shows Supplementary Credit Approvals (which authorise local authorities to borrow the balance of capital costs of approved schemes after MAFF grant and other contributions) and the charges levied by the Environment Agency on local authorities for its flood defence expenditure which are determined by the Regional Flood Defence Committees of the Agency.

3.104 The Ministry grant aids local operating authorities in England (local authorities, the Environment Agency and Internal Drainage Boards) for between 15% and 85% of the value of individual capital projects to provide sound and sustainable flood and coastal defences and warning systems. In total, the Ministry meets some 50% of the eligible capital expenditure annually. Advice and guidance are provided for authorities on technical, economic and environmental issues. MAFF funds a research programme for improving understanding of the processes involved in flooding and coastal erosion, examining techniques for the design and management of defences, and furthering environmental interests.

3.105 Table 3.8 shows results from flood and coastal defence projects (including sea defence and protection against coastal erosion).

3.106 Expenditure on grant aid for flood defence and coast protection schemes is forecast to be about £66m in 1997–98. Progress has been made with a number of large and important schemes including those on the Lincolnshire coast, at Eastbourne, Maidenhead, Minehead, Blackpool and the Humber Estuary. The second update of the

Ministry's Coast Protection Survey of England and the Environment Agency's Sea Defence Survey were commissioned in late 1996. The reviews reveal disappointing progress in improving Class 4 defences (those needing most urgent capital work). Operating authorities have been asked to report urgently on their plans for those defences.

Table 3.8: Performance Indicators relating to flood and coastal defence projects

Year	1995-96	1996-97	1997-1998 (estimate)
Number of schemes approved in year	207	213	175
To protect: houses	50,600	42,400	34,000
commercial properties	4,900	3,100	2,500
agricultural land (ha)	54,000	84,000	50,000
Length of defence approved (km)	150	145	120
Administration cost per £m grant approved (£'000)	9	9	11
Aggregated benefit/cost ratio of schemes approved	10.1:1	6.2:1	N/A
Number of ongoing schemes (including those approved in-year)	770	700	675

3.107 Future expenditure on grant aid is in line with previous plans. A key task for 1997 was the review of the existing criteria for MAFF grant aid with a view to considering their effectiveness and identifying whether changes can be made to ensure that taxpayers' investment is better targeted to the Government's policy aims. In June 1997 Ministers accepted the advice of a Working Party (comprised of representatives of flood and coastal defence authorities and MAFF officials) that in future, applications for MAFF grant aid should be required to pass three separate stages based on:-

- a) compliance with certain, absolute thresholds,
- b) achievement of an appropriate 'priority' score (based on an assessment of Ministerial priorities, urgency and benefit cost ratio), and,
- c) satisfactory completion of existing MAFF project appraisal requirements.

The new development is that authorities must submit a summary document for each scheme showing the "priority" score as described at b) above. This is intended both as a means for deciding on funding priorities between schemes, and to indicate to authorities whether they are likely to obtain grant aid before proceeding with detailed design and appraisal. These arrangements, which apply to all schemes planned to start after April 1998, are being introduced on a pilot basis to inform allocations for 1998–99. A key task for 1998 will be to develop the pilot exercise to cover the planning period with a view to finalising the arrangements for the future.

3.108 The Ministry has continued to pursue with the EA the possibilities of the Private Finance Initiative (PFI) in the flood defence area. Preliminary findings, from a consultancy, suggested that whilst the PFI offers potential advantages it may be suitable for only a small part of the flood defence Programme. The consultants concluded that many flood defence projects were unlikely to be suitable for the PFI because:

- a) such projects are generally too small,
- b) innovation may be constrained by the planning process,
- c) there is limited scope for risk transfer to contractors, and
- d) there are limited opportunities for shared use or third party income streams.

3.109 Following the report the EA has sifted its programme and asked consultants to review three specific flood defence projects to assess whether they were appropriate for PFI treatment. In the light of the consultants recommendations a formal test of the PFI market is being undertaken with schemes at Pevensey Bay (Sussex) and Broadland (Norfolk) although it is recognised that significant hurdles remain, especially the extent of risk transfer. The wider application of the PFI to the flood and coastal defence Programme will be examined in the light of experience gained from the two pilot projects. In the meanwhile, the Ministry is pursuing related questions, including the basis of financial assistance from the Department to the EA for specific PFI projects.

By protecting the rural economy, particularly in less favoured areas

Hill Livestock Compensatory Allowances

Programme Code: RE1:01

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	41,992	28,849	27,747
of which payments to agencies	362	450	456
payments to individuals	41,630	28,399	27,239
Territorial Scheme Costs	119,146	119,146	77,750
Total Scheme Costs	**161,138**	**147,995**	**105,497**
EU Receipts*	-5,711	-5,747	-5,700
MAFF Administration Costs	1,174	1,174	1,153

* In order to retain consistency with MAFF's Supply Estimates, EU receipts in respect of other Agriculture Departments' Scheme Costs are not included; these can be found in their respective Supply Estimates and Departmental Reports.

4.1 The objectives of this Programme are;

- a) to ensure the continuation of extensive livestock farming in the Less Favoured Areas (LFA), thereby helping to maintain a viable population and conserve the countryside in those areas, and
- b) to take due account of environmental and rural concerns in formulating policy.

4.2 Hill Livestock Compensatory Allowances (HLCAs) are annual payments to LFA farmers per head of breeding cow and ewe. They are paid under the authority of the EU farm structures Regulation 950/97, with different rates for the Severely Disadvantaged and Disadvantaged areas of the LFA. The terms and conditions of the HLCA Scheme are determined annually following the Autumn Review of the Economic Conditions in the Hills and Uplands. The EU refunds up to 25% of expenditure based on the number of livestock units per holding; as a consequence about 21% of MAFF spending is post-funded one year in arrears by the EAGGF Guidance Section.

4.3 Expenditure for the 1997 Scheme included beef special measure payments under Regulation 1357/96 made to suckler cow producers under the terms and conditions of the 1997 HLCA Scheme. In 1998 headage payments will be the same as 1996 and, excluding the beef special measure supplements, 1997.

4.4 MAFF has a Citizen's Charter target of paying all HLCA claims by 30 April each year. In 1997 98% of claims were processed by the target date.

4.5 During 1997 an economic evaluation of the HLCA Scheme in England was carried out by consultants on behalf of the Ministry. The results are being considered in the context of the Comprehensive Spending Review. In 1998 the HLCA Scheme will be reviewed with the aim of replacing it with instruments which are better designed to deliver environmental benefits in the LFA.

Table 4.1: 1998 rates of Hill Livestock Compensatory Allowances

£/head	Severely Disadvantaged Area	Disadvantaged Area
Breeding cows	47.50	23.75
Hardy breed ewes	5.75	2.65
Other ewes	3.00	2.65

Table 4.2: Labour force on main agricultural holdings lying wholly or mainly in the Less Favoured Areas (LFA)

As at June	1989	1990	1991	1992	1993	1994	1995	1996
Labour force on LFA holdings								
– United Kingdom*	–	–	–	–	155.5	155.0	152.6	151.2
– England, Wales, N.I.	122.1	120.4	119.4	119.8	120.2	118.6	116.4	114.9
As % of total Agricultural labour force								
– United Kingdom*	–	–	–	–	26.2	26.4	26.5	26.5
– England, Wales, N.I	21.6	21.7	22.0	22.3	22.5	22.5	22.5	22.4

Note: *Data for Scotland is not available on the same basis before 1993.

Table 4.3: Trends in net farm income (in real terms) for full-time farms wholly or mainly in the Less Favoured Areas (LFA) of the United Kingdom

Indices (1989-90 – 1991-92 =100) in real terms

Year (ending on average in February)	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98 (provisional)
Cattle and Sheep (LFA) farms	85	101	129	147	106	147	144	84
Other farm types (excluding horticulture)	95	90	113	117	135	171	126	78

By encouraging action to reduce water and other pollution and by other measures to safeguard the acquatic environment, including its flora and fauna

Environmental Protection (Nutrients)

Programme Code RE2:01

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	7,934	7,049	8,725
of which payments to agencies	2,333	526	917
payments to individuals	5,540	3,061	6,387
Territorial Scheme Costs	300	–	10
Total Scheme Costs	**8,234**	**7,049**	**8,734**
EU Receipts	-1,610	-1,620	-1,899
Non EU Receipts	-2	-2	-2
MAFF Administration Costs	800	800	804

The 1997-98 Planned "payments to agencies" figure includes a payment to ADAS. However, as a result of the privatisation of ADAS on 1 April 1997, the only element of that payment to appear in the "payments to agencies" figures for 1997-98 Estimated Outturn and 1998-99 Plans is that made to FRCA (if any) which was established to provide the services which could not be placed in the private sector.

4.6 The objective of this Programme is to minimise the potentially polluting loss of soil nutrients from agriculture in England.

4.7 The Ministry is pursuing this objective through the voluntary Nitrate Sensitive Areas (NSA) Scheme, the implementation of the EU Nitrate Directive (91/676) by means of Nitrate Vulnerable Zones (see paragraph 4.11), and the funding of a substantial research programme on nutrient losses from agriculture *(see Chapter 8)*. Expenditure in 1997/98 fell short of that planned, partly because farmer uptake of

the more highly-compensated NSA arable reversion options continues to be lower than originally anticipated, and partly because delays in establishing the NVZ action programme measures have resulted in a slow start to applications under the Farm Waste Grant Scheme.

4.8 The NSA Scheme, which forms part of the agri-environment programme under EU Council Regulation 2078/92, compensates farmers in England for voluntarily changing their farming practices in ways which significantly reduce nitrate leaching. It provides an effective means of reducing high or rising nitrate levels to safeguard the future viability of selected public drinking water sources. Annual payments are made under five-year agreements and range from £65 per hectare for restrictions on nitrogen fertiliser usage, to £590 per hectare for the conversion of arable land to native species grassland. NSA payment rates were reviewed in 1997, following which the rate for the most demanding option was raised by £35 to £525/£625 per hectare (depending on the NSA category) in recognition of the associated costs; other rates remain unchanged. The new rate took effect from 1 April 1998. Within certain ceilings, up to 50% of expenditure is refunded by the EU.

4.9 Payments totalling £4.6m were made in 1997-98 on almost 24,000 hectares of land subject to NSA undertakings (71% of the eligible land in the areas). Following the 1997 application period, over 1,000 further hectares were entered into the NSA Scheme. 96% of applications and 98% of claims were processed within the timescales laid down in "Commitment to Service".

4.10 Monitoring work continued in 1997. When integrated into scientific modelling of catchment losses, this work showed that in 27 NSAs, out of a maximum of 32, nitrate leaching from the soil zone during 1996-97 had been reduced in comparison with pre-scheme levels. All NSAs are located within NVZs (see para 4.11) and, through compensated changes going well beyond good agricultural practice, offer a more efficient means of reducing nitrate leaching in selected key drinking water sources.

4.11 Implementation of the EU Nitrate Directive resulted in 68 Nitrate Vulnerable Zones (NVZs) being designated in England and Wales in 1996 on the basis of data collected in 1992. The first review of NVZ designations commenced in 1997 and is being undertaken jointly with DETR, taking account of more recent monitoring data from the Environment Agency. Any proposals for new or amended designations will be the subject of full public consultation. Farmers in NVZs will be required to comply with mandatory action programme measures restricting the quantity and timing of applications of fertilisers and livestock manures. These are due to be established by statutory instrument in early 1998 and to take effect from 19 December 1998. Farm waste grants of 25% are available for NVZ farmers who need to improve their farm waste facilities as a result of NVZ limits on the spreading of livestock manures. Grants totalling £0.2m were paid in 1997/98. The figure is expected to increase in subsequent years once the legislation establishing the action programme is in place.

4.12 The Farming and Rural Conservation Agency (FRCA) provides technical support for this programme under a Memorandum of Understanding.

Table 4.4: Performance Indicators of efficiency and effectiveness relating to Nitrate Sensitive Areas

OUTPUT INDICATORS

	1995-96		1996-97		1997-98	1998-99
	Outturn	Planning Assumptions	Outturn	Planning Assumptions	Planning Assumptions	
1. Number of NSAs in which nitrate leaching in the soil-zone has been reduced in comparison with pre-scheme levels (Max=32)	26	20	27	27	28	29
2. % of farmers participating in agri-environment NSA Scheme	68	70	69	75	75	75
3. % of NSA Scheme claims paid within the timescale laid down in "Commitment to Service"	99	100	98	100	100	100
4. % of applications for the NSA Scheme processed within the timescale laid down in "Commitment to Service"	87	100	96	100	100	100
5. % of eligible land subject to agri-environment NSA undertakings	64	*	68	70	75	75
6. % of scheme land subject to NSA Premium Arable Scheme undertakings	20	*	20	20	21	22

* = No assumption made

KEY ENVIRONMENTAL ACHIEVEMENTS

MAFF's key environmental achievements were:

(a) The revision of 11 Environmentally Sensitive Areas to further protect and enhance wildlife and countryside conservation and to introduce new options to promote biodiversity objectives.
(b) Setting up steering groups to take forward biodiversity action plans for cereal field margins and ancient and/or species rich hedgerows.
(c) Consultation and review of the Organic Aid Scheme.
(d) The issue for consultation of the updated Codes of Good Agricultural Practice for the protection of water, air and soil.
(e) The issue of a consultation paper on the implementation of the Integrated Pollution Prevention and Control Directive (IPPC) in the pig and poultry sector.
(f) Farm waste management plans in 6 river catchments.
(g) An Action Plan to promote responsible pesticide use was published on 14 August 1997 by the Pesticide Forum.
(h) The Pesticide Forum published its first annual report on 11 February, including a report from a sub-group set up specifically to consider issues relating to technology transfer.
(i) A MAFF/PSD information leaflet "Is Your Sprayer Fit For Work?" was launched on 30 June 1997 at the Royal Show.

Further information on all of these initiatives is given in Programme entries.

MAFF's official "green" contact is

Mr Steven Gleave
Room 155
Nobel House
17 Smith Square
London
SW1P 3JR

Telephone: 0171 238 5656
Fax: 0171 238 6700
Email: S.Gleave@env.maff.gov.uk

Environmental Protection (General)

Programme Code: RE2:02

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	976	1,074	968
of which payments to agencies	976	160	164
MAFF Administration Costs	483	483	479

The 1997-98 Planned "payments to agencies" figure includes a payment to ADAS. However, as a result of the privatisation of ADAS on 1 April 1997, the only element of that payment to appear in the "payments to agencies" figures for 1997-98 Estimated Outturn and 1998-99 Plans is that made to FRCA (if any) which was established to provide the services which could not be placed in the private sector.

4.13 The objectives of this Programme are:

- (a) to reduce pollution and nuisance from agriculture (excluding pesticides and nutrients which are covered by PP1:06 and RE2:01 respectively), and
- (b) to protect agriculture from the effects of pollution.

4.14 They are met through a mixture of regulation, advice and guidance underpinned by extensive research, and involve discussions at international, EU and national levels.

4.15 Internationally, the Ministry participated in the OECD and the UN Economic Commission for Europe (UNECE) Working Groups on environmental issues. In the OECD the environmental impacts of agriculture and the environmental effects of agricultural policy reform were considered. In the UNECE the debate about including agricultural emissions of ammonia in a proposed agreement on air pollution was continued.

4.16 In the EU, the Ministry participated in discussions on a proposed new acidification strategy which would address emissions of ammonia from agriculture.

4.17 At home, the Ministry continued to work with other Government Departments (notably DETR), farming organisations, the Environment Agency and the water industry on a range of environmental issues affecting agriculture. These included: the issuing for consultation of updated Codes of Good Agricultural Practice for the protection of water, air and soil; a consultation paper on preliminary ideas for the implementation of the Integrated Pollution Prevention and Control Directive (IPPC) in the pig and poultry sector; an advisory booklet on controlling soil erosion; and contributing to a consultation document on a new UK sustainable development strategy.

4.18 The Ministry continued to tackle the problem of water pollution from farm wastes by promoting farm waste management planning through campaigns costing a total of £347,500 in six selected river catchments. The catchments were chosen after discussion with the Environment Agency on the basis of known or suspected water quality problems due to farm wastes. 500 livestock farmers in the catchments were given free consultant help and advice with drawing up farm waste management plans for their own farms. A new campaign in a further six catchments began in September 1997. The drafting of a new advice manual targeted on soil erosion by water was begun in August. The number of farm-related water pollution incidents in 1996 (see Table 4.5) was the lowest since the formation of the National Rivers Authority (now subsumed into the Environment Agency), whilst the number of major incidents fell again, to 28.

Table 4.5: Number of substantiated water pollution incidents arising from agriculture in England and Wales

Year	1991	1992	1993	1994	1995	1996
Total	2,954	2,770	2,883	3,329	2,270	2,111
of which major (NRA/EA category 1)	99	67	63	36	32	28

4.19 Key tasks in 1998 will include the organisation of an OECD workshop on environmental indicators for agriculture in September 1998, the issue of a MAFF consultation document on indicators for sustainable agriculture and the relaunch of the updated Codes of Good Agricultural Practice.

Salmon, Whaling and Inland Fisheries

Programme Code: RE2:03

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	8,762	7,789	21,387
of which payments to agencies	1,311	336	336
Non EU Receipts	-1	-2	-1
MAFF Administration Costs	365	365	315
Receipts	–	-1	–
Net Administration	365	364	315

4.20 The objectives of this Programme are:

- a) to promote the conservation, regulation and management of salmonid, eel and freshwater fisheries, and
- b) to work for the conservation and protection of whales through the International Whaling Commission (IWC).

Salmon and Inland Fisheries

4.21 MAFF carries out the Government's overall policy for salmon and freshwater fisheries in England, and works closely with the Environment Agency, which is responsible for the day to day management and regulation of these fisheries. The Agency's fisheries functions are funded principally by rod and net licence duties and by Grant-in-Aid paid by the Ministry (£7.4m in 1997-98). From 1998/99 Environment Agency receipts from rod and net licence duties will be reclassified as revenue, and will accrue to the Consolidated Fund; a matching increase will be made in the Grant-in-Aid paid by the Ministry to the Agency.

4.22 On 7 July Ministers' announced a review of salmon and freshwater fisheries policy and legislation in England and Wales, to be carried out by an independent review group. The group has been asked to report to Ministers' in the course of 1998/99.

Whales

4.23 The Ministry represents the UK in the International Whaling Commission, which held its 49th meeting in Monaco in October 1997. At this meeting the UK was able to achieve its principle objectives: the moratorium on commercial whaling was retained intact, and resolutions were adopted by large majorities calling for a halt to Norway and Japan's continuing whaling activities. Significant progress was made on whale welfare: as a result of pressure over several years from the UK and New Zealand, based on evidence that the electric lance is inhumane, Japan agreed in principle to end use of this device to kill whales not killed instantly by an explosive harpoon.

Aquatic Environment

Programme Code: RE2:04

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	3,268	3,353	3,268
of which payments to agencies	3,242	3,287	3,242
MAFF Administration Costs	877	877	877
Receipts	-782	-782	-782
Net Administration	95	95	95

The Directorate of Fisheries research became an Agency, CEFAS, on 1 April 1997. Work undertaken on this Programme by CEFAS appears as a scheme cost from 1997-98 and is matched by a contribution to the Receipts line under Programme EA1:09.

4.24 The work of this Programme is to develop and implement domestic and international policies to protect fisheries and marine fauna and flora from the deposit and discharge of wastes and other materials at sea. Scheme costs include contributions to international bodies dealing with marine pollution issues. Receipts are in respect of authorisations, licences and approvals.

4.25 The UK's obligation under the London Convention 1972 and OSPAR (The Oslo and Paris Conventions for the protection of the North East Atlantic) are implemented by means of licence controls under the Food and Environment Protection Act 1985 (FEPA). The Ministry is the licensing authority under FEPA for the disposal of waste and the deposit of other materials – including construction materials – in the sea around England and Wales. A scientific assessment of the potential impact on the marine environment is made before any licence is granted and monitoring is undertaken to assess the effects of material deposited in the sea. Marine incineration and the disposal at sea of industrial wastes and minestone are no longer permitted. The dumping of sewage sludge will end in 1998, and thereafter dredged material will be the only waste routinely licensed for disposal at sea.

Table 4.6: Licences issued under the Food and Environment Protection Act 1985

Year	1994-95	1995-96	1996-97	1997-1998 (Estimate)
Number of FEPA licences issued:				
– waste disposal	123	130	128	130
– construction	213	274	307	300
FEPA licence fee revenue (£'000)	776	825	816	782

4.26 As part of the licensing process, the Ministry seeks the comments of local authorities; English Nature/the Countryside Council for Wales; the Environment Agency and the Crown Estate in respect of construction licence applications and the establishment of new disposal sites. Development of the new FEPA licensing database that will facilitate access to information on the Public Register is well advanced and will be fully commissioned in 1998.

4.27 On 23 September 1997 the UK signed the 1996 London Convention Protocol, a new international treaty which will supersede the London Convention 1972 and is designed to enhance global protection of the marine environment. MAFF is responsible for approving the use of dispersants in responding to oil spills, and on 20 June 1997 published and distributed a new guide on the Approval and Use of Oil Dispersants in the UK. Copies of this booklet can be obtained free from: MAFF Publications, Admail 6000, LONDON SW1A 2XX. Telephone 0645 556000. MAFF also continues to contribute to Government policy on the offshore oil and gas industry in relation to protecting the marine environment.

Pipeline Discharges – Non-Radioactive Waste

4.28 MAFF is consulted by the Environment Agency on all applications to discharge non-radioactive waste into coastal waters. It assesses the food safety and environmental implications of potentially toxic substances, especially heavy metals such as mercury.

Monitoring and Control

4.29 In order to ensure that contaminants entering the marine environment from all sources do not harm the food chain or impair water quality, MAFF maintains an extensive programme of monitoring in coastal waters. As an example of this work, Table 4.7 provides a measure of indicative mercury levels in fish from the highest risk sea areas. The EU environmental quality objective is that mercury content should not exceed 0.3 mg per kg of wet weight.

Table 4.7: Mercury levels in fish in highest risk sea areas

Year	1990	1992	1994	1996
% of EU environmental quality maximum	63%	67%	57%	56%

Aggregate Extraction

4.30 Extraction of minerals from the seabed (except coal, oil and gas) requires a licence from the Crown Estate who issue such licences only after consultation with the Government. Under this 'Government View' Procedure, MAFF advises DETR on the potential implications for the marine environment, fishing and coastal defences. On 16 November 1995, the Government announced its intention to introduce statutory licensing procedures and consultation on interim non-statutory arrangements was undertaken by DETR during 1997.

Search of Records on Sea Dumping of Radioactive Waste

4.31 During 1997, MAFF and other Departments carried out an extensive search of archive records, which identified several previously unrecognised sites around the UK where radioactive waste was dumped in the past, including Beaufort's Dyke in the Irish Sea. The material involved in these disposals contained only small amounts of radioactivity but MAFF nevertheless commissioned the National Radiological Protection Board to carry out an independent assessment of the radiological significance of the disposals. This concluded that estimated doses from the dispersion of radionuclicides are not significant in radiological protection terms and that there is therefore no need for additional monitoring of the marine environment in connection with the disposals.

Farm Grants

Programme Code: RE2:05

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	2,876	2,818	1,520
of which payments to agencies	64	6	61
payments to individuals	2,812	2,749	1,459
Territorial Scheme Costs	11,957	10,483	8,938
Total Scheme Costs	**14,833**	**13,359**	**10,458**
EU Receipts	-559	-559	-305
MAFF Administration Costs	232	232	227

In order to retain consistency with the Ministry's Supply Estimates, EU receipts in respect of other Agriculture Departments' scheme costs are not included; these can be found in their respective Supply Estimates and Departmental Reports.

4.32 The objective of this Programme is to encourage agricultural businesses to adopt conservation-based farming practices through grant aided capital investments.

4.33 The Farm and Conservation Grant Scheme (F&CGS) was introduced in 1989. It comprised two elements, one being part funded by the EU (providing grant on investments under an improvement plan under Council Regulation 2328/91) and the other being a state aid scheme (providing grant on one-off investments under the 1970 Agriculture Act). The joint EU-funded part lapsed as planned on 31 December 1994. The state aid part of the scheme closed as planned on 19 February 1996. Relevant elements of the scheme have been subsumed into the agri-environment schemes. Each of the four Agriculture Departments administer the scheme, with MAFF accounting for some 65% of expenditure to date. Although the scheme is closed to new applications, grant will continue to be paid on improvement plans which have yet to run their course. The key task is to ensure that the final claims for grant are processed by 31 March 2005.

By improving the attractiveness and biodiversity of the rural environment

Environmentally Sensitive Areas

Programme Code: RE3:01

	Planned	Estimated Outturn	Plans
£'000	1997-98	1997-98	1998-1999
MAFF Scheme Costs	38,772	39,241	42,758
of which payments to agencies	5,777	4,698	4,887
payments to individuals	32,993	18,150	37,211
Territorial Scheme Costs	16,946	16,555	19,870
Total Scheme Cost	**55,718**	**55,448**	**62,628**
EU Receipts	-23,395	-23,394	-26,597
Non EU Receipts	-2	–	-6
MAFF Administration Costs	1,617	1,617	1,611

The 1997-98 Planned "payments to agencies" figure includes a payment to ADAS. However, as a result of the privatisation of ADAS on 1 April 1997, the only element of that payment to appear in the "payments to agencies" figures for 1997-98 Estimated Outturn and 1998-99 Plans is that made to FRCA (if any) which was established to provide the services which could not be placed in the private sector.

4.34 The objective of this Programme is to protect and enhance the environment by encouraging environmentally beneficial agricultural practices in areas of the countryside where the landscape, wildlife or historic interest is of national importance.

4.35 There are 22 designated Environmentally Sensitive Areas (ESAs) in England (43 in the UK as a whole, administered by the four Agriculture Departments). Each ESA has one or more tiers of entry under which farmers can enter into voluntary 10 year management agreements to maintain and enhance the environmental features of their land. The scheme forms part of the UK national programme to implement EU Council Regulation 2078/92 (the agri-environment regulation). Payments are generally funded 50% from the national exchequer and 50% from the EAGGF Guarantee Section. The FRCA provides technical support for the scheme under a Memorandum of Understanding.

4.36 Annual payments to farmers range between £8 and £430 per hectare depending on the requirements of each tier. These payments are reviewed every two years. In addition grants are available to ESA agreement holders carrying out capital works to improve the landscape, wildlife and historic interest of the area, or to facilitate public access. Up to 50% of all expenditure in ESAs, excluding that on capital works, is refunded by the EU under the Agri-Environment Regulation 2078/92. The Ministry pays the FRCA for management of technical aspects of the scheme.

4.37 During the 1997 application year 1,000 agreements (covering 35,000 hectares) had been signed, a 12% increase over 1996. Future expenditure on the scheme is expected to rise as the number of participating farmers continues to increase.

Table 4.8: Area of land under ESA agreements and area in enhancement tiers*

Year	1993	1994	1995	1996	1997 (Estimated)	1998 (Projected)	1999 (Projected)
Area under ESA agreement (ha)	266,258	346,391	423,123	433,642	486,185	512,388	533,857
Area in enhancement tiers (ha)*	33,000	43,500	48,461	51,018	57,975	63,325	66,414

*The enhancement tiers seek to make significant improvements in the wildlife and landscape interests of each ESA. They include reversion of arable land to permanent grassland, regeneration of heather moorland, raising water levels and the creation of species rich hay meadows.

4.38 The effectiveness of each ESA is reviewed every 5 years. In 1997 changes were made to the first 5 ESAs established in 1987 (Broads, Pennine Dales, Somerset Levels and Moors, South Downs and West Penwith), including new options for encouraging environmentally friendly arable farming, and significant boundary extensions of 4 out of the 5 ESAs. In 1997 MAFF also began a review of 5 ESAs established in 1988 (Breckland, Clun, Suffolk River Valleys, North Peak and Test Valley) and 6 ESAs established in 1993 (North Kent Marshes, Avon Valley, South West Peak, South Wessex Downs, Lake District and Exmoor). The results of a substantial environmental monitoring programme and an economic study have been published as part of the review. Proposals for enhancement of these 11 ESAs were issued on 20 August 1997, to address in particular the issues identified in the UK Biodiversity Action Plan (1995).

4.39 In 1998 6 ESAs established in 1994 will undergo the 5-year review process, which will be a key task under this Programme.

4.40 The Ministry's achievement of the four Citizen's Charter targets in 1996/97 are set out in Annex 18.

NAO Study of ESAs

4.41 A report by the National Audit Office on the ESA programme was published on 23 July 1997. This confirmed that the Programme was performing a useful function, and made a number of recommendations for securing greater environmental benefits and improving the efficiency of the scheme's administration. The NAO noted that changes already made in the review of the ESAs addressed many of the issues. The recommendations are being implemented.

BSE Special Measures

4.42 ESA and other agri-environment schemes prescribe grazing management regimes for grassland. There are a range of management requirements which may include an increase or decrease to stocking densities. The effect of BSE has been to distort the pattern of cattle production and marketing systems. Consequently many farmers have modified their livestock systems, potentially leading to difficulties in complying with agri-environment schemes.

4.43 Advice was issued on the scope for temporary derogations from stocking restrictions where these did not undermine the environmental value of the agreement. There has been limited demand for such flexibility.

4.44 The longer term position is being kept under review, in particular the risk that the effects of the BSE outbreak could include a decline in extensive grazing of semi-natural habitats, some of which have traditionally been grazed by older stock.

Conservation, Habitat Scheme and Access

Programme Code: RE3:02

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	3,442	3,645	3,478
of which payments to agencies	1,360	509	508
payments to individuals	1,820	2,335	1,879
Territorial Scheme Costs	987	953	879
Total Scheme Costs	**4,429**	**4,396**	**4,357**
EU Receipts	-1,501	-1,510	-1,472
Non EU Receipts	-	–	-1
MAFF Administration Costs	452	452	482

The 1997-98 Planned "payments to agencies" figure includes a payment to ADAS. However, as a result of the privatisation of ADAS on 1 April 1997, the only element of that payment to appear in the "payments to agencies" figures for 1997-98 Estimated Outturn and 1998-99 Plans is that made to FRCA (if any) which was established to provide the services which could not be placed in the private sector.

4.45 The objectives of this Programme are:

- a) to encourage farming practices which conserve and enhance the natural beauty and amenity of the countryside, its wildlife and features of historic interest, and
- b) to promote enjoyment of the countryside by the public.

4.46 The Programme has three elements.First, operation of the Habitat Scheme which was introduced in May 1994 and aims to create, protect or enhance valuable wildlife habitats. In England the targeted habitats are waterside areas, saltmarsh and land which was formerly in the Five Year Set-Aside Scheme. Similar schemes are operated by the three other Agriculture Departments, targeting various types of habitat. Farmers with eligible land are offered management agreements for 10 or 20 years involving payments ranging from £125 to £525 per hectare. The scheme forms part of the UK national programme to implement EU Council Regulation 2078/92. Payments are generally funded 50% from the national exchequer and 50% from the EAGGF Guarantee Section. The Farming and Rural Conservation Agency (FRCA) provides technical support for the scheme under a Memorandum of Understanding.

4.47 Second, through ADAS and the Farming and Wildlife Advisory Group (FWAG), MAFF provides free initial advice to farmers on all aspects of conservation and access. A Conservation Advice Service Schedule with ADAS and a financial memorandum and annual grant letter with FWAG cover arrangements for monitoring both the quantity and quality of the advice provided. The cost of the ADAS programme, which includes promotion, publicity and general advice as well as on-farm visits, is expected to be £697,000 (excluding VAT) in 1997-98. Payments to FWAG are expected to total £258,500 including MAFF's partner subscription of £7,500. MAFF also obtains policy advice on conservation under a Memorandum of Understanding with FRCA. The cost of this Programme, which also covers advice to other Government Departments and interested bodies, is expected to be over £331,000 in 1997/98.

4.48 Finally, other work within this Programme relates to the co-ordination of policy on the agri-environment schemes operated under EU Regulation 2078/92, UK input into developments of agri-environment measures at the EU level, and MAFF's input into the UK Biodiversity Action Plan. This includes the operation of the National Agri-Environment Forum which gives a wide range of interested organisations the opportunity to comment and feed in ideas on the development of agri-environment schemes. Members include key farming and conservation organisations as well as representatives of national and local government, including the statutory countryside agencies.

4.49 In 1997 22 applications, covering 217 hectares, were received for the English Habitat Scheme. The total area entered into the Habitat Scheme in England at the end of December 1997 was some 7,000 hectares.

4.50 The total number of visits to farmers to provide free conservation advice in 1997/98 is forecast to be 3,300.

4.51 The National Agri-Environment Forum, which comprises representatives of a wide range of environmental organisations and land managers, met three times during 1997; three subgroups and Regional Agri-Environment Consultation Groups also met regularly.

4.52 Other activities included following up the Government's response to the UK Steering Group Report on Biodiversity; this included setting up Ministry led steering groups to take forward action plans for cereal field margins (strips of land between the crop and the field boundary, extending for a limited distance into the crop, which are managed to create conditions which benefit key farmland species) and ancient and/or species rich hedgerows. Regulations to protect important hedgerows came into force on 1 June 1997. MAFF worked closely with DETR on these Regulations and on the review group which the Government set up to recommend ways of strengthening them.

4.53 Key tasks for the future include seeking satisfactory future EU arrangements for agri-environment support under the proposals expected to follow the European Commission's Agenda 2000 paper, continuing to work closely with the National Agri-Environment Forum; reviewing the Habitat Scheme; continuing to assist in the preparation and implementation of biodiversity action plans for key species and habitats; preparing a proposed code of good practice for wildlife and landscape; and working closely with other Departments and organisations on the Government's proposals for access to open countryside. It is expected that revised legislation to protect important hedgerows will be introduced jointly with DETR and the Welsh Office in 1998.

4.54 In the case of ADAS free conservation advice, the performance targets are as follows. The average response time for making visits is set at 20 working days from receipt of the request; the written report should be despatched within 10 working days of the visit, and at least 75% of farmers should rate the advice received as "good".

4.55 A Citizens Charter commitment for the Habitat Scheme has not yet been formally adopted. In the case of new applications, timescales will be laid down for informing applicants of whether or not they have been successful and for issuing agreements; these will vary between the three scheme elements. MAFF also aims to pay all Habitat Scheme claims by 30 April (if they are received by 1 April) or within a month of receipt if they are received after 1 April. In 1997, 93% of applications were approved and 72%% of claims paid within these deadlines.

Farm Woodlands

Programme Code: RE3:03

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	5,905	5,050	8,125
of which payments to agencies	357	7	7
payments to individuals	5,550	3,227	7,768
Territorial Scheme Costs	4,932	5,272	8,499
Total Scheme Costs	**10,837**	**10,322**	**16,624**
EU Receipts	-4,209	-4,026	-5,872
Non EU Receipts	-2	-2	-2
MAFF Administration Costs	491	491	508

The 1997-98 Planned "payments to agencies" figure includes a payment to ADAS. However, as a result of the privatisation of ADAS on 1 April 1997, the only element of that payment to appear in the "payments to agencies" figures for 1997-98 Estimated Outturn and 1998-99 Plans is that made to FRCA (if any) which was established to provide the services which could not be placed in the private sector.

4.56 This Programme's objective was revised in 1997 and is "to enhance the environment through the planting of farm woodlands, in particular, to improve the landscape, provide new habitats and increase biodiversity. In doing this, land managers should be encouraged to realise the productive potential of woodland as a sustainable land use."

4.57 The Farm Woodland Premium Scheme (FWPS) is administered by the four UK Agriculture Departments and forms part of the UK national programme to implement Council Regulation 2080/92, which requires all Member States to operate schemes to encourage the afforestation of agricultural land. There is a joint application procedure with the Woodland Grant Scheme (WGS) (operated by the Forestry Commission in Great Britain and the DANI Forest Service in Northern Ireland) which offers establishment grants for new woodlands. The FWPS offers annual payments for 10 years (for predominantly conifer woodland) or 15 years (for predominantly broadleaved woodlands) to help offset farming income foregone from converting productive agricultural land to woodland. For most applicants, the national exchequer will fund 50% of the payments and the EU will fund the other half from the EAGGF Guarantee Section.

4.58 For the 9 months April to December 1997, some 900 FWPS applications amounting to some 5,830 hectares were approved in the UK. The area of land entered into the FWPS in England in the same period was some 1,800 hectares. Following completion of the Farm Woodland Premium Scheme review, Parliamentary and European Commission approval was obtained to bring in increased payment rates and greater flexibility for the scheme from 1 April 1997

(Statutory Instrument 97/829). The main changes included (i) introducing separate higher payment rates for land eligible for Arable Area Payments, (ii) removing the rule limiting applications to 50% of the agricultural area of the farm, (iii) removing the requirement for participants to continue to run agricultural businesses once accepted into the scheme, (iv) broadening the definition of agricultural business which can be accepted into the scheme, and (v) creating a single application system covering both the FWPS and the Forestry Commission's Woodland Grant Scheme.

4.59 Under its "Commitment to Service", the Ministry has undertaken normally to process all FWPS applications within one month of receipt, and to pay all claims received by 1 August in the latter half of October. In 1997, 86% of applications were approved and 73% of claims were paid within the Citizens Charter deadline.

4.60 The key tasks for 1998 will be to continue the implementation of measures arising from the FWPS review and specifically consider the balance between specific free on-farm woodlands advice and targeted promotion of the FWPS with a view to focusing more on the latter.

Table 4.9: Take up of Farm Woodland Premium Scheme in England

Year	1995-96	1996-97	1997-1998 (Estimate)
Number of applications	690	471	500
Total ha approved	2251	1538	2000
Broadleaf	2066 (92%)	1335 (87%)	1700 (85%)
Conifer	185 (8%)	204 (13%)	300 (15%)
Arable land	1574 (70%)	1189 (77%)	1320 (66%)
Improved grassland	617 (27%)	300 (20%)	620 (31%)
Unimproved land	60 (3%)	49 (3%)	60 (3%)

Countryside Management

Programme code: RE3:04

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	1,105	1,089	1,047
of which payments to agencies	1,104	1,088	1,046
MAFF Administration Costs	429	429	429
Receipts	-1	–	-1
Net Administration	428	429	428

4.61 This Programme, which covers England, has the objective of permitting the safe and humane control of mammals (such as badgers and rabbits) and birds (such as geese, herons and cormorants), where they are in conflict with activities relating to agriculture, forestry, food, fisheries or property.

4.62 This objective is met by the provision of advice to affected individuals and the issuing of licences that permit or require individuals to take action to prevent damage being caused by particular pests.

4.63 The major element of scheme costs comprises support from the FRCA, MAFF'S wildlife advisers, which provide assessments of damage and technical advice on how to prevent further damage.

4.64 In 1996-97, MAFF received 635 applications for licences under the Protection of Badgers Act 1992 to interfere with badgers and their setts and issued 443 licences. 714 applications were received for licences under the Wildlife and Countryside Act 1981 to shoot or control wild birds that are otherwise protected and 617 licences were issued. 13 licences were issued under the Mink Keeping Order 1992 to permit the farming of mink for fur. 98.5% of these licence applications were determined within MAFF's Commitment to Service target of 30 working days.

4.65 A review of the Mink Keeping Order 1992, which was due to expire at the end of 1997, was carried out. Following a public consultation exercise, Ministers decided that a new order should be made. The Mink Keeping Order 1997 came into force on 1 January 1998 and will expire after 3 years on 1 January 2001.

4.66 The staff time per licence application was 2.9 days.

Countryside Access Scheme

Programme Code: RE3:05

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	274	145	158
of which payments to agencies	154	25	55
payments to individuals	120	60	103
Territorial Scheme Costs	5	6	9
Total Scheme Costs	**279**	**151**	**167**
EU Receipts	-62	-60	-49
MAFF Administration Costs	63	63	55

4.67 The objective of this Programme is to encourage farmers with suitable land to create new opportunities for public access to the countryside.

4.68 The scheme operates in England and Wales as part of the agri-environment programme under EU Council Regulation 2078/92 and is 50% part funded by the EU. To be eligible land must be entered into the guaranteed set-aside option of the Arable Area Payments Scheme. Participants receive annual compensatory payments in return for creating 10m wide access routes and/or open spaces. The scheme opened in late 1994 and there have been 127 successful applications, significantly fewer than planned. Currently these have provided 85 km of routes and 1,528 ha of open space. A measure of effectiveness is the percentage of guaranteed set-aside land made available to the public. This reached 4.4% in 1997-98.

4.69 An evaluation of the scheme has been undertaken in 1997; its results will inform a review of the future of the scheme in 1998.

Moorland Scheme

Programme Code RE3:06

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	475	341	590
of which payments to agencies	223	100	171
payments to individuals	252	93	377
Territorial Scheme Costs	1,135	549	668
Total Scheme Costs	**1,610**	**890**	**1,258**
EU Receipts	-1,085	-455	-689
MAFF Administration Costs	149	149	149

The 1997-98 Planned "payments to agencies" figure includes a payment to ADAS. However, as a result of the privatisation of ADAS on 1 April 1997, the only element of that payment to appear in the "payments to agencies" figures for 1997-98 Estimated Outturn and 1998-99 Plans is that made to FRCA (if any) which was established to provide the services which could not be placed in the private sector.

4.70 This Programme aims to encourage the conservation and enhancement of semi-natural moorland, to the benefit of its wildlife and landscape, by improving the quality and extent of the heather and related dwarf shrub vegetation.

4.71 MAFF administers the Moorland Scheme in England as part of the UK's agri-environment programme under EU Regulation 2078/92. The scheme offers an annual payment of £30 over five years for each HLCA-eligible ewe removed from moorland to meet specified stocking limits. Participants also have to follow a moorland management plan. FRCA project officers help to draw up the farm agreements, and ADAS undertakes monitoring work. The scheme is 50% partly funded by the EAGGF.

4.72 In 1997 a further 4 farmers joined the scheme.This gives a cumulative total of 23 agreements, providing for the disposal of 6,361 ewes from 9,283 hectares of eligible moorland.

4.73 The scheme will be reviewed in 1998.

Countryside Stewardship Scheme

Programme Code RE3:07

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	20,793	22,385	30,685
of which payments to agencies	3,657	5,009	3,956
payments to individuals	16,686	11,634	24,329
Territorial Scheme Costs*	2,500	2,324	4,000
Total Scheme Costs	**21,293**	**24,709**	**34,685**
EU Receipts	-2,836	-3,454	-7,589
Non EU Receipts	-11	-11	-11
MAFF Administration Costs	1,897	1,897	1,947

* Countryside Stewardship is limited to England.However, territorial scheme costs are included as similar schemes are administered or proposed by the other three Agriculture Departments.

4.74 The objectives of this Programme are:

- (a) to conserve and enhance important English landscapes (outside Environmentally Sensitive Areas), for their scenic beauty, wildlife, habitats, history and archaeology, and
- (b) to provide opportunities for people to enjoy the countryside.

4.75 The scheme encourages farmers and land managers to enter 10 year management agreements in return for annual payments and grants for capital items. The eligible landscapes and features include chalk and limestone grassland; lowland heath; waterside land; the coast; uplands; historic landscapes; old traditional orchards; old meadows and pastures; community forests; the countryside around towns traditional field boundaries (hedges, stone walls, banks and ditches) and the margins of arable fields. In consultation with interested organisations key landscapes and features from this list are identified for each county, and these are given priority for the available funds.

4.76 The scheme forms part of the UK national programme to implement EU Council Regulation 2078/92. Payments are generally funded 50% from the national exchequer and 50% from the EAGGF Guarantee Section. The FRCA provides technical support for the scheme under a Memorandum of Understanding. Separate but broadly similar schemes are administered or proposed by the other three UK Agriculture Departments.

4.77 In the 1997 application year, more than 1200 new agreements were approved, bringing the total number of agreements to over 7400. Approval was given to those applications which offered the highest value for money, taking account of the local priorities and the range of benefits to be expected from the agreements in terms of landscape, wildlife, history, resource protection and amenity. Programme expenditure under the scheme rises annually as the number of agreements increases with each new application round.

Table 4.10: Area under Stewardship Agreement

Year	1994	1995	1996	1997 (estimated)	1998 (projected)
Area under Stewardship Agreements (ha)	87,319	92,585	108,519	122,500	140,000

4.78 In 1997 MAFF let by competitive tender a contract for monitoring the performance of the scheme, covering the years 1997/98-1999/2000. On January 15 1998 a pilot scheme was introduced to test the extent to which certain arable farming methods can be used to bring about benefits in biodiversity, including for farmland birds, animals and plants.

4.79 A key task for 1998 will be to integrate into the scheme certain pilot agri-environment schemes which have been shown to provide good value for money.

By implementing the Ministry's CAP obligations efficiently, and by seeking a more economically rational CAP while avoiding discrimination against UK businesses

5.1 The UK's strategic objectives for the CAP, which relate to all Programmes associated with the CAP, are:

- a) to reduce costs to consumers and taxpayers,
- b) to bring agriculture closer to the market,
- c) to avoid discrimination against our agriculture and food sectors,
- d) to ensure environmental concerns are integral to the CAP, and
- e) to reduce bureaucracy.

5.2 MAFF has overall responsibility for carrying out Government policy on the CAP and for negotiating on it within the EU. The respective roles of MAFF and the IB are set out in Chapters 1 and 10, and paragraphs 5.6 and 5.10 below. A summary of EU CAP expenditure in the UK is provided in Annex 3. Key statistics can be found at the end of this Chapter.

Central Planning on the CAP

Programme Code: CE1:01

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Administration Costs	1,218	1,218	1,457

5.3 The objectives of this Programme are:

- a) to ensure that, through a co-ordinated approach to negotiations within the EU, the UK adopts a coherent and effective attitude to the CAP and its reform,
- b) to ensure that financial management and budgetary considerations are taken into account in all CAP decisions,
- c) to negotiate and advise on all aspects of the agrimonetary system,
- d) to monitor and advise upon agricultural state aids, and
- e) to arrange for the Ministry to fulfil its responsibilities to assist Parliament to scrutinise EU legislative proposals.

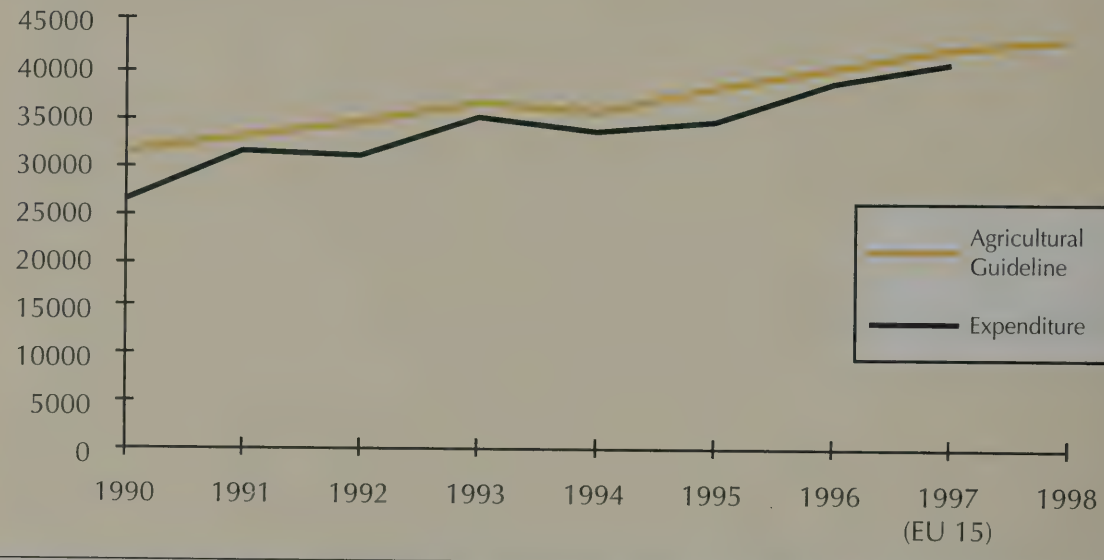
5.4 It also covers other issues and activities which cut across individual sectors, in particular policy on single market, EU enlargement, relations with EU institutions and bilateral relations with other Member States.

CAP Expenditure

5.5 Expenditure in the UK on CAP measures is funded in the first place by the UK Exchequer and later reimbursed (partly or fully) by the EU. The UK contributes to this reimbursement through its payments to the EU budget. It contributes more overall to the EU budget than it receives back, but the net cost to the UK is reduced by the abatement mechanism agreed at Fontainebleau.

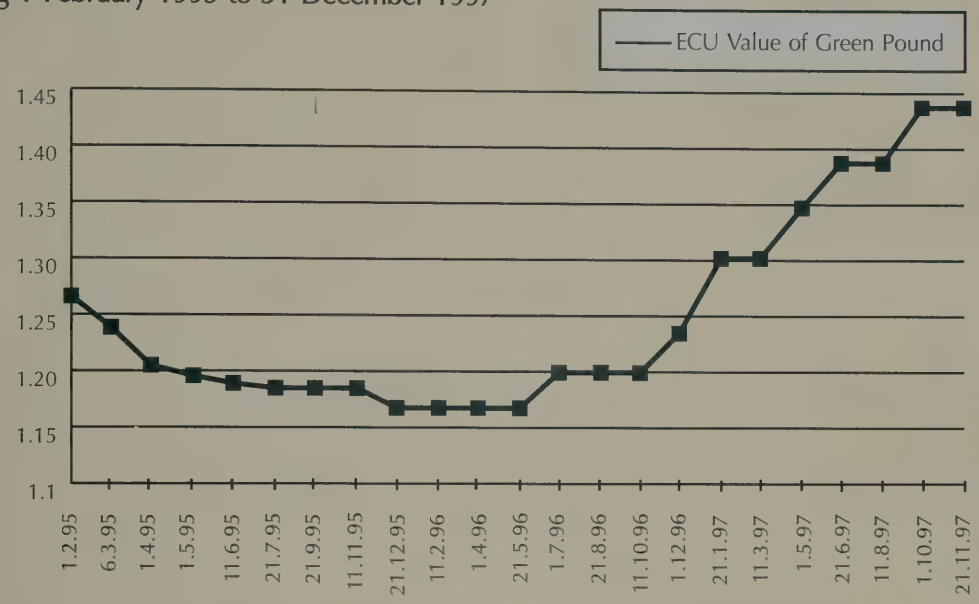
5.6 CAP schemes can be divided into two categories: market intervention to support prices; and direct payments to producers based on livestock numbers, crop acreage, etc. The first category, involving trader-based measures such as intervention purchasing, storage and export refunds, are, in general administered by the IB, the second by MAFF and the other Agriculture Departments. A list of all paying agencies can be found in Chapter 1.

Figure 2: EU Expenditure on agricultural support MECU



5.7 CAP support expenditure and receipts for specific sectors is set out in Annex 3. Figure 2 above illustrates the development of EU expenditure on agricultural support and its relation to the agricultural guideline. The degree of subsidy provided to EU producers, as measured by the Producer Subsidy Equivalent, is shown in Table 5.1. The PSE is a calculation of the value of transfers to EU farmers and includes both the effect of intervention measures (measured by the difference between world and EU agricultural prices) and direct payments to farmers. Developments in the UK's green rate, through which CAP prices and amounts are converted to sterling, are illustrated in Figure 3. Four revaluations of the sterling green rate during the year reduced the sterling value of CAP market support payments by 14%. Measures agreed in the March Agriculture Council meant that payments of livestock premia made to producers during 1997, although 5.4% lower than in 1996, were unaffected by the revaluations of the sterling green rate during 1997, and that the reduction in arable payments was limited to 3.7%. The sterling value of livestock premium payments made during 1998 will be 4.2% lower than in 1997 as a result of these agrimonetary changes. If the market value of sterling remains as at the end of 1997, the sterling value of arable area payments will also be reduced by 4.2% compared to 1997 levels.

Figure 3: UK Green Rate Movements Since 1995
Period covering 1 February 1995 to 31 December 1997



CAP

5.8 Following sustained UK advocacy of the case for CAP reform, the Commission published, on 16 July 1997 as part of the Agenda 2000 package, ideas for reforming key elements of the CAP. These would reduce cereals and beef support prices to world levels and reduce milk prices slightly, compensating farmers through increased direct payments. The various elements of agri-enviromental and agricultural structure policies would be brought together within the EAGGF Guarantee Section as the core of an EU rural development policy. Proposals to reform the olive oil and tobacco regimes and a revised proposal on wine are promised. The UK has welcomed this package, which takes the direction of reform the UK has advocated, while we have nonetheless stressed that more radical measures, notably on milk, are required if EU agriculture is to become competitive on world markets and EU enlargement to be successfully negotiated. Securing the adoption by the Council of satisfactory legislative proposals (yet to be produced by the Commission) will be a high priority in the forthcoming months.

5.9 During the course of 1997 the Council reached agreement on support prices for the 1997-98 marketing year and on a number of related measures. In addition, the Council:

- a) agreed conclusions on the Commission's Agenda 2000 CAP reform ideas and called for early legislative proposals;
- b) agreed Regulations requiring Member States to introduce computerised beef identification systems and beef labelling schemes. These are described in more detail in Programmes PP 1:04 and CE 1:20;
- c) adopted amendments to the agrimonetary system to contain the cost of compensation following green rate revaluations;
- d) fixed the rate of set-aside for the 1997-98 crop at 5%.

Table 5.1: Net Total Producer Subsidy Equivalent in the EU

	EU12			EU15				
	1992	1993	1994	1995 (prov)	1996 (est)	1997 (proj'n)	1998 (proj'n)	1999 (proj'n)
Net PSE (nominal, million ECU)	64,609	66,800	67,269	73,317	66,968	67,837	66,597	66,565
PSE as % by value of EU agricultural production	47%	49%	49%	49%	43%	46%	45%	45%

Source: OECD estimates to 1996, MAFF projections based on production and price trends thereafter.

Financial Management of the CAP

5.10 New rules on the financial management of CAP expenditure came into operation for the first time in relation to clearance of the 1996 accounts. Under these new arrangements the IB act as Co-ordinating Body for the seven UK accredited paying agencies. MAFF is the agency accredited for making the majority of direct payments to farmers in England, accounting for 54% of CAP expenditure in the UK. Despite teething problems with the new computer system introduced to manage the new arrangements, the accounts for UK paying agencies were cleared on 30 July 1997 by the Commission on the basis of a report by the certifying body (the NAO) as true, complete and accurate.

5.11 In the case of EAGGF guarantee expenditure, claims are submitted to the Commission monthly by the IB on the basis of accounting data from the paying agencies. Ensuring that payments by MAFF are made within the required deadlines falls within the responsibilities of the relevant commodity sub-programmes. So far as the EAGGF guidance is concerned a key annual task is to ensure that 100% of claims for reimbursement of expenditure are made by the prescribed deadline to ensure none of the funds are lost. In 1997/98 the task was achieved with claims for reimbursement of £18 million being duly submitted by 30 June 1997. In view of the critical importance of ensuring that reimbursements are made fully and punctually, this remains a key task for 1998/99.

State Aids

5.12 The UK secured clearance from the EU Commission for three new nationally funded schemes: the creation of the British Potato Council, a habitat fencing scheme in Northern Ireland and the Scottish Countryside Stewardship Scheme. The UK also continued to press the Commission to improve the transparency and effectiveness of its procedures for dealing with agricultural state aids. This included successfully negotiating amendments to a Commission proposal on rules for rescue and restructuring aid to ensure that only limited derogations are available for agriculture compared to other industries.

Parliamentary Scrutiny

5.13 For Parliamentary Scrutiny procedures to operate, MAFF must supply explanatory memoranda on EU legislative proposals that fall within its area of responsibility. The aim is to ensure that they are accurate, complete, and submitted on time. They must be intelligible to those unfamiliar with the subject matter. CAP and CFP are especially active areas for EU measures. 229 memoranda, including supplementaries, were supplied in 1997.

CAP Schemes Management

Programme Code: CE1:02

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	1,260	637	1,234
of which payments to agencies	–	–	10
EU Receipts	-500	-262	-500
MAFF Administration Costs	6,372	6,372	7,186
Receipts	–	–	–
Net Administration	6,372	6,372	7,186

Receipts as payments for activities undertaken on behalf of the IB now appear under CE1:24 Milk and Milk Products, along with the associated Administration Costs.

5.14 The objectives of this Programme are:

- a) to ensure that the Integrated Administration and Control System (IACS), which is required by EU legislation, is administered efficiently, effectively and economically, and
- b) to prevent fraud by protecting expenditure under the farm-based aid schemes, which IACS covers.

5.15 MAFF is responsible for administering IACS in England and is the competent authority for co-ordinating the development of IACS by all Agriculture Departments.

5.16 Under IACS farmers wishing to claim subsidies must submit an annual application providing details of their farmed land on a field by field basis. These details are held on a computerised database which provides the basis of co-ordinated checks on subsidy claims for Arable Area Payments, Beef Special Premium, Suckler Cow Premium, Sheep Annual Premium, Hill Livestock Compensatory Allowances and from 1997, for the Aid for Grain Legumes Scheme.

5.17 As a result of changes to EU legislation, cross checks were required to be carried out for the first time between the agri-environment schemes and IACS in 1997. Farmers completing IACS forms in 1997 were therefore required to record the total area of land entered, or intended to be entered, under the agri-environment schemes.

5.18 Checks on 1996 IACS applications were completed on time and 1997 IACS documentation was issued to farmers at least two months before the submission deadline for 1997 applications. MAFF has continued to use remote sensing as part of its overall strategy for evaluating the accuracy of claims submitted under IACS. Payments were made under this Programme for these checks, which are 50% part funded from the EAGGF.

5.19 Work on IACS continues to be developed with the aim of further harmonisation of procedures between schemes and implementing IACS-type controls in other areas such as the dehydrated fodder and flax schemes.

Action Against CAP Fraud and Irregularity

5.20 EU legislation requires Member States to report all irregularities (the definition of which includes both fraudulent action and claimant error) found valued over 4000 ECU (1996 = £3395). The number of irregularities reported by Member States (including the UK) was higher in 1996 than in previous years (see Table 5.2). However the total value of reported cases was slightly lower and remained significantly below the 1993 and 1994 levels. This reflects the influence of the reform of the CAP which has shifted expenditure away from export refunds and market support measures, areas traditionally associated with large scale fraud, towards direct payments to farmers which are easier to control under, for example, the requirements of IACS. Although over 60% of the CAP budget is now paid in direct aid to farmers through support schemes, these measures account for 25% of the number and 5% of the value of reported irregularity cases.

5.21 Work is continuing to improve the EU recovery rate. UK recovery rates are generally amongst the best in the EU and any outstanding cases from earlier years have been targeted further to improve the UK's rate of recovery.

Table 5.2: Cases of irregularities reported to the Commission under EU Regulation 595/91

		EU 15 * * [EU 12 before 1995]	UK	UK proportion
1993	Cases	1267	180	14%
	Value (£m)	228	2.6	1%
(To 05/06/97)	Recovered (£m)	82	2.2	
1994	Cases	1599	225	14%
	Value (£m)	334	8.2	2.5%
(To 05/06/97)	Recovered (£m)	73	5.3	
1995	Cases	1754	219	12.5%
	Value (£m)	174	6.5	4%
(To 05/06/97)	Recovered (£m)	16.5	1.7	
1996	Cases	1944	245	12.5%
	Value (£m)	169	3.4	2%
(To 05/06/97)	Recovered (£m)	14	1.3	

5.22 On 1 July 1996, the so-called Blacklist Anti-Fraud Regulation came into effect in the EU. The Regulation aims to reduce fraud by intensifying checks against those suspected of having committed a substantial irregularity and to provide for their exclusion from EU aid under export refunds, intervention and tendering arrangements for a period of at least 6 months. There is a requirement on Member States to notify the Commission and other Member States of such cases. During the first year of the systems operation, four notifications by Member States black-listing economic operators had been made to the Commission. The operation of the system is being carefully monitored and it will be substantively reviewed in 1998. The Blacklist Regulation does not apply to schemes covered by the IACS Regulation.

5.23 On 19 February 1997, the Comptroller and Auditor General, National Audit Office, presented a report to the House of Commons on 'Ministry of Agriculture, Fisheries and Food: Tackling Common Agricultural Policy Irregularities'. The report assessed the actions taken by MAFF to combat irregularity in the twenty-one CAP schemes which it administers providing for direct payments to farmers. It focused on the five major schemes covered by IACS which accounted for 92 per cent of expenditure. The report confirmed that MAFF had 'complied in all material respects with the requirements of European legislation for the schemes it administers under the Common Agricultural Policy' and said 'given the complexity of the regulations and the burden placed on the Ministry this is a considerable achievement'. The report also noted areas where MAFF

could improve its effectiveness and made a number of recommendations. The Committee of Public Accounts has taken evidence on the report and published its report on 3 December 1997.

Output and Performance Indicators

5.24 Farmers in England submitted just over 77,400 IACS applications by the 15 May 1997 deadline. All necessary administration checks were completed on time in order to meet payment deadlines for the various schemes. Targets for inspecting at least 5% of farms (including cases inspected via remote sensing) were met. Reports and statistics on the implementation of IACS were returned to the EU Commission on time. Details of all irregularities notified by UK Departments were submitted to the Commission on time each quarter.

REGIONAL SERVICE CENTRES

MAFF's regional administration structure consists of nine Regional Service Centres (RSCs), each headed by the Regional Director, located at Bristol, Cambridge, Carlisle, Crewe, Exeter, Northallerton, Nottingham, Reading and Worcester. The core work of the RSCs is the receipt, checking, field inspection, control and authorisation of CAP schemes to farmers and growers, so their work relates to many Programmes. All the main schemes operated by the RSCs are mandatory with central rules determined by the EU under the umbrella of the Integrated Administration and Control System (IACS). In 1996/97, the value of payments on the major schemes under IACS was £1.6 billion. Regional Directors also act as the Minister's representative in their region.

In 1997 the sole outstationed unit of an RSC (at Truro) was closed; all RSCs now provide a one-stop shop for farmers and growers. Regional Panels were disbanded so that a wider constituency would have more direct and open access to the Department.

Arable Area Payments

Programme Code: CE1:03

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	1,086,171	1,094,829	1,074,345
of which payments to agencies	648	–	–
payments to individuals	1,085,223	1,091,533	1,073,597
Territorial Scheme Costs	166,152	168,598	163,696
IB Scheme Costs	-6	-93	-5
Total Scheme Cost	**1,252,317**	**1,263,334**	**1,238,036**
EU Receipts	-1,251,369	-1,259,703	-1,237,288
Other Receipts	-1	-1	-1
MAFF Administration Costs	7,157	7,157	7,045

Programme CE 1:04 'Five Year Set-Aside and Pilot Extensification Schemes' closed on 31 March 1997. Residual activities under these schemes, including recoveries of overpayments, are included under this Programme.
The 1997-98 Planned 'payments to agencies' figure includes a payment to ADAS. However, as a result of the privatisation of ADAS on 1 April 1997, the only element of that payment to appear in the 'payments to agencies' figures for 1997-98 Estimated Outturn and 1998-99 Plans is that made to FRCA (if any) which was established to provide the services which could not be placed in the private sector.

5.25 The objectives of this Programme are:

- a) to administer the Arable Area Payments Scheme (AAPS) efficiently in England, and
- b) to seek effective implementation and enforcement across the EU.

5.26 This CAP scheme, which began in 1993, offers direct area payments to growers of cereals, oilseeds and protein crops (market support schemes for the relevant crops are dealt with under separate Programmes). All but those claiming on a very small area have to set aside land in order to qualify for the payments. Each producer is required to make a fresh application each year; details of the areas claimed in the previous year are returned to farmers to help them complete the new application. Payment rates differ, reflecting differing regional yields and crop groups. The rates paid under the AAPS in England for 1997 were £257.23/ha for cereals; £377.90/ha for oilseeds; £371.56/ha for proteins; £497.53/ha for linseed; and £325.83/ha for set-aside. All Arable Area Payments are fully refunded by the EU.

5.27 In 1997 MAFF received just under 47,000 applications for arable area payments, covering almost 3.8 million hectares of land (UK total – 4.42m ha). 98% of both advance oilseed payments and main payments were made within the relevant payment windows (by 30 September and 31 December respectively). Following an over-shoot of the base areas for maize and for other crops in England, claims were reduced by 66% and 0.08% respectively.

5.28 EAGGF clearance of accounts procedures undertaken by EU auditors, which identify any failures in the application of scheme controls, will be used to measure scheme effectiveness. There are penalties for such failures; monies may not be reimbursed in full by the EU if there are late payments, and monies may be recovered by the EU for failure to effect proper controls. The UK has set itself two targets for administration of the AAPS. Firstly, that at least 96.15% of claims by value should be processed by the relevant EU deadline; and secondly, that no more than 0.4% of scheme expenditure in any one year should be 'disallowed' by the EU for reasons of lateness or inadequacy of financial controls. These targets were achieved for the 1996 scheme year.

5.29 As part of the 1997 EU price fixing agreement, obligatory set-aside was fixed at a rate of 5% for the 1998 harvest. The Agriculture Council decided to waive in 1998 any penalty set-aside which would otherwise have resulted from an over-shoot of the base area in 1997. The Council also agreed not to take a decision at this stage on the proposal made in 1996 to reduce the rates of area aid on cereals, oilseeds, linseed, and set-aside to apply from 1997. They did, however, undertake to address the matter of the over-compensation that had arisen as a result of market prices not having fallen as expected following the 1992 reform, in the forthcoming discussion on reform of the arable sector. The Council also invited the Commission to submit proposals enabling Member States to make arable area payments conditional on the respect of environmental provisions.

5.30 The Commission's 'Agenda 2000' paper published on 15 July 1997 set out the following proposals for reform in the arable sector:-

- a) a 20% reduction in cereals intervention price from the current 119.19 ecu/t to 95.35 ecu/t in the year 2000;
- b) obligatory set-aside to be fixed at zero per cent but voluntary set-aside to be retained. Penalty set-aside to be abolished;
- c) area aid compensation for cereals and oilseeds to be set at a rate of 66 ecu/t (to be multiplied by the regional cereals reference yields of the 1992 reform). The same rate is to be applied to set-aside. Protein crops to be given a supplement of 6.5 ecu/t to maintain their competitiveness with cereals;
- d) exclusion of silage crops from arable aid;
- e) continuation of special supplement for durum wheat;
- f) possibility of Member States linking aid to environmental conditions;
- g) a ceiling may be imposed on the level of compensation to individual farmers ('modulation').

5.31 The Commission proposals are intended to avoid a re-emergence of costly surpluses, to prepare the EU for the next round of talks on agricultural trade in the WTO and to facilitate EU enlargement. Specifically, the arable proposals are aimed at allowing the EU to trade cereals at world prices without export subsidies, hence removing the restrictions imposed in the last GATT Round; and to enable the EU to disapply the Blair House Agreement restrictions on the maximum area of oilseeds which can be planted in the EU by removing the specific aid for that crop.

5.32 The UK has broadly welcomed the Commission's proposals, but believes that they should go further and that arable aids should be decoupled from production and made degressive over time. The UK does not support 'modulation', a mechanism by which a ceiling would be placed on the level of direct payments received by individual farmers. This would penalise large and efficient farmers and run counter to a major objective of the reform, namely improved EU competitiveness on world markets. The Commission's formal legislative proposals were published in March 1998 and the UK has made discussion of them a priority in its EU Presidency.

Cereals (including rice)

Programme Code: CE1:10

	Planned	Estimated Outturn	Plans
£'000	1997-98	1997-98	1998-1999
MAFF Scheme Costs	227	252	227
of which payments to agencies	101	–	–
IB Scheme Costs	119,895	53,167	104,524
Total Scheme Cost	**120,122**	**53,419**	**104,751**
EU Receipts	-87,899	-42,709	-78,835
MAFF Administration Costs	519	519	484

1996 UK production 24,582 thousand tonnes (tht); output £3,081 m; imports 2,237 tht; exports 5,727 tht
1997 UK production 23,620 tht; output £2,605 m.
The 1997-98 Planned 'payments to agencies' figure includes a payment to ADAS. However, as a result of the privatisation of ADAS on 1 April 1997, the only element of that payment to appear in the 'payments to agencies' figures for 1997-98 Estimated Outturn and 1998-99 Plans is that made to FRCA (if any) which was established to provide the services which could not be placed in the private sector.

5.33 The objectives of the Programme are:

- a) to protect the interests of the UK consumers, producers, traders and processors of cereals and rice, while taking into account international obligations and other Government policies, and
- b) to seek adaptation of EU policies in a more market-oriented direction.

5.34 The Programme mainly comprises market support expenditure by the IB (refunded by the EAGGF). It includes MAFF's responsibility for and relations with the Home Grown Cereals Authority (HGCA). Area payments are provided for under Programme CE1:03.

5.35 UK intervention stocks remained low throughout 1997, reaching a peak of 15,800 tonnes. By comparison, in 1986 there were some 6 million tonnes of cereals in UK intervention.

5.36 The UK aim to balance the interests of UK cereal producers, processors and consumers would suggest that market prices should represent between 106 - 110% of the intervention price. EU market prices for most grains were low in 1997, following good harvests in 1996 and 1997. Prices for bread wheat ranged in the order of 100 - 115% of the intervention price, although higher prices were recorded in the south of the EU because of drought and in the UK because of wet weather. EU export levies were re-introduced for wheat and flour on two occasions, in line with the Commission's commitment, secured by the UK, to moderate internal EU prices and ensure security of supply to the consumer. Expenditure on market support measures remained comparatively low as a result of these developments. However, the volume of feed grain from the 1997 harvest is likely to lead to increased expenditure on market support in 1998. UK market prices for feed wheat and for barley are low both for this reason and due to the continued strength of sterling. Substantial increases in UK intervention stocks of barley are therefore likely in early 1998.

5.37 Key tasks for the future will be to continue to ensure that EU market management decisions take due account of the interests of consumers, including livestock producers, within the EU and to make progress with the EU Commission's proposals for a more market-oriented cereals regime under 'Agenda 2000'.

Home-Grown Cereals Authority (HGCA)

5.38 The HGCA is a statutory non-Departmental public body (NDPB) funded by a levy on the cereals and oilseed industry amounting to £10.8 million in 1996/97, some £9 million of which is raised from cereal and oilseed growers. The Authority's objective is to improve the production and marketing of UK cereals and oilseeds. It also acts as an agent for the IB for certain cereals intervention operations. MAFF makes an annual payment (currently £105,000) in respect of the HGCA's market information service. Agriculture Departments commenced a five-yearly review of the HGCA during the second half of 1997.

Oilseeds and other Arable Crops

Programme Code: CE1:11

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	128	204	128
of which payments to agencies	128	45	–
IB Scheme Costs	19,747	23,615	16,145
Total Scheme Cost	**19,875**	**23,819**	**16,273**
EU Receipts	-19,747	-23,862	-16,145
MAFF Administration Costs	308	308	306

1996 UK oilseed rape production 1,410 tht; output £416m; imports 227 tht; exports 176 tht
1997 UK oilseed rape production 1,509 tht; output £408 m
1996 UK protein crop production 558 tht; output £130 m
1997 UK protein crop production 674 tht; output £131 m
1996 UK linseed production 86 tht; output £39 m; imports 39 tht; exports 12 tht
1997 UK linseed production 112 tht; output £54 m
The 1997-98 Planned 'payments to agencies' figure includes a payment to ADAS. However, as a result of the privatisation of ADAS on 1 April 1997, the only element of that payment to appear in the 'payments to agencies' figures for 1997-98 Estimated Outturn and 1998-99 Plans is that made to FRCA (if any) which was established to provide the services which could not be placed in the private sector.

5.39 This Programme covers support under the CAP for non-cereal arable crops and olive oil, as well as co-ordination of MAFF's work on herbicide tolerant crops. The Programme objectives are:

- a) to safeguard the interests of consumers, producers and processors as far as possible, bearing in mind international commitments and financial and resource costs, and
- b) to pursue the reform of those CAP regimes where this has not already been achieved, seeking greater transparency and reduced costs.

Oilseeds

5.40 Oilseeds (rapeseed, sunflower seed and soya beans) are used to produce oil for food uses (e.g. in cooking oils, margarines etc.) and a high protein meal used in animal feed. Rapeseed is also grown for industrial uses such as in pharmaceuticals and hydraulic oils. Oilseeds are eligible for payments, linked to set-aside, under the Arable Area Payments Scheme (AAPS – see Programme CE1:03). The EU/US agreement requires action when the by-products (meal) from oilseeds grown on set-aside land exceed one million tonnes of soya meal equivalent. Completion of this task awaits revised proposals from the Commission, though the need for such action has now receded with the reduction in the rate of obligatory set-aside.

Protein Crops

5.41 Protein crops (dried peas, field beans and sweet lupins) are grown for use mainly in compound animal feeds. They are, like oilseeds, eligible for support under the AAPS. The UK is the second largest producer in the EU after France.

Linseed

5.42 Linseed is predominantly grown as a source of oil for industrial use (paints, varnishes, wood treatments, linoleum). It is eligible for support under the AAPS. The UK's production in 1997/98, including that on set-aside land, included a large supply of the winter-grown crop for the first time.

Flax

5.43 Fibre flax is grown in the UK for steadily expanding industrial outlets such as geotextiles (eg mattings to prevent land erosion), cardboard, paper and mouldings and for textile uses. Growers of flax – and hemp (see next paragraph) – receive area payments, though these are separate from the main Arable Area Payments Scheme and are administered by the IB. In 1997, the Council agreed changes to the flax regime to strengthen the controls and ensure fibre is actually processed. A Commission proposal for minimum yields for flax was also adopted which will apply from the 1998 harvest year. In addition, the Council has made provision for cross-checking flax payments with the Integrated Administration and Control System (IACS) in order to strengthen existing checks and harmonise them with other schemes covered by IACS. Concern was expressed during the year about the planting of flax on Sites of Special Scientific Interest. In response the industry produced a voluntary protocol aimed at preventing the use of sensitive land for flax growing, which was publicised on 27 October.

Hemp

5.44 Hemp fibre is suitable for paper making and could complement or replace the use of wood pulp. Other uses include textiles and substitution for glass fibre. The hemp plant core is used for horse bedding. A 7.5% reduction in the EU hemp aid rate was agreed in the 1997 price package. The Council have also invited the Commission to study the possibility of introducing obligatory contracts between producers and processors.

Cotton

5.45 The Commission agreed to examine the operation of the cotton regime in the light of representations from Greece and to report to the Council. A UK aim will be to ensure that control of the regime is maintained.

Olive Oil

5.46 The Commission presented a reflections paper on the olive oil regime with possible options for reform. The Council asked the Commission to produce formal proposals for reform once the European Parliament had given an opinion. Support is currently paid mainly to growers, but there is also a consumption aid paid to bottlers of olive oil, to make it more competitive with other vegetable oils. The Commission's proposals for reform of the regime are expected in the first half of 1998.

Grain Legumes

5.47 Grain legumes (chickpeas, lentils and vetches) receive area payments under a separate regime. A very small area receives support in the UK. The aid rate for the 1997/98 marketing year was reduced due to an overshoot of the EU's maximum guaranteed area.

Dried Fodder

5.48 In 1997/98 UK production of dried fodder (processed from grasses specified in the rules of the regime) increased by about a quarter over the previous season. Support is through a separate regime with payments per tonne produced.

Herbicide Tolerant Crops

5.49 On 10 July 1997 a discussion paper was issued on the weed control implications of the introduction of genetically modified herbicide tolerant crops. A broad range of comments was received from individuals, industry and non-governmental organisations, and the Government is considering carefully all the different views expressed.

Sugar and Tobacco

Programme Code: CE1:12

	Planned	Estimated Outturn	Plans
£'000	1997-98	1997-98	1998-1999
MAFF Scheme Costs	1	1	1
IB Scheme Costs	123,592	109,548	102,349
Total Scheme Cost	**123,593**	**109,549**	**102,350**
EU Receipts	-123,592	-109,548	-102,349
MAFF Administration Costs	264	264	261
Receipts	-23	-23	-23
Net Administration	241	241	238

1996 UK sugar production from beet 1,477 tht; output of sugar beet £333 m; sugar imports 1,259 tht; exports 347 tht.
1997 UK sugar production from beet 1,500 tht; output of sugar beet £292 m.

5.50 The objectives of this Programme are:

a) to ensure that UK sugar interests (consumers, producers and processors) are safeguarded as far as possible within the context of international obligations, EU policies and financial and resource considerations,

b) to promote the effective and efficient management of the EU sugar market,

c) to maintain a reasonable balance between cane and sugar beet interests in the UK, and

d) to promote budgetary discipline, and, as far as possible, health and development considerations in the EU tobacco regime.

Sugar

5.51 The CAP regime for sugar, administered by the IB in the UK, relies on market support through intervention prices, import tariffs and export subsidies, all within the framework of production quotas. There is a scheme for making low cost sugar available for non-food uses by the chemical industry. Much of the cost of these measures is met from levies on production, shared between beet growers and processors. Payments are made on quota sugar held in store by processors to help ensure a constant supply onto the market of a product the processing of which has to be concentrated in a few months. These payments are financed by a separate levy on first marketing of quota sugar. Although EU expenditure under the regime amounts to some 1.8becu per year, the total net cost is comparatively low, as receipts from levies raise about three quarters of the total (some 1.3becu). For technical reasons levy receipts are classified as revenue (EU Own Resources) and therefore do not feature in the above table. The price of sugar is however kept artificially high, imposing a substantial burden on consumers and on sugar-using industries.

5.52 The regime also covers cane sugar both produced in Member States and imported. The EU imports some 1.6m tonnes per year under preferential trade arrangements mainly from African, Caribbean and Pacific (ACP) raw sugar producers under the Lomé Convention Sugar Protocol. No production levies are charged on this and the EU budget bears the cost of export subsidies for an equivalent volume of EU sugar and of aid paid to refiners of cane sugar.

5.53 The key features of the sugar regime were rolled over in 1995 for the period 1995-2001 and no major changes occurred in 1997-98. The UK will continue to press for cuts in support price levels and for a prompt and thorough review of the regime as the current arrangements draw to a close.

5.54 The EU sells its surplus sugar on the world market. In 1995-96 and 1996-97 world production exceeded consumption, with a resulting large build up in world stocks. For 1997-98 a limited draw down of stocks had been predicted, with world sugar production forecast at 122 m tonnes, about 2m tonnes less than world sugar consumption. However, the Asian monetary crisis is expected to result in lower consumption and some erosion of the 2m tonne difference. Within the overall drop in world production, an increased EU harvest is forecast, at 17.46m tonnes up from the 16.05m tonnes produced the previous year. The amount available for export is forecast to increase to 6 m tonnes. World prices are expected to fall during the first half of 1998.

5.55 MAFF provides the secretariat to the Sugar Beet Research and Education Committee (SBREC). The Committee is appointed by the Minister and the Secretary of State for Wales to advise on an annual programme of research and education in matters affecting the growing of home-grown sugar beet. The £2 million programme is funded by levy paid by UK sugar beet growers and the UK sugar processor (British Sugar plc). MAFF conducted a review of the structure and working procedures of the SBREC in 1997. Interested organisations are being consulted on a proposal to establish a Sugar Beet Development Council to replace the SBREC.

Tobacco

5.56 Tobacco is not grown commercially in the UK. The EU spends about 1 billion ecus (some £680m) per year under the CAP tobacco regime. This does not directly affect the price to consumers since the subsidy is paid to producers; the tobacco attracts the going market price, and the EU imports over two-thirds of its requirement. The cost of support per hectare is the highest of all the CAP regimes. Support prices were frozen for the 1997 harvest. The Commission's proposals for the reform of the regime were formally introduced at the Agriculture Council on 16/17 February 1998. Negotiations are continuing.

5.57 The EU sells about 2/3 of its tobacco crop to third countries. After recent bullish years the world market now appears to be approaching equilibrium which could result in a downward trend in prices. The main uncertainties are production levels in two key exporting countries, Brazil and Zimbabwe. EU production is expected to be stable, at around 350,000 tonnes.

Alcohol and Alcoholic Drinks

Programme Code: CE1:13

	Planned	Estimated Outturn	Plans
£'000	1997-98	1997-98	1998-1999
MAFF Scheme Costs	407	400	407
of which payments to agencies	14	–	–
IB Scheme Costs	16,441	8,287	14,269
Total Scheme Cost	**16,848**	**8,687**	**14,676**
EU Receipts	-16,441	-8,287	-14,269
MAFF Administration Costs	394	394	420

The 1997-98 Planned 'payments to agencies' figure includes a payment to ADAS. However, as a result of the privatisation of ADAS on 1 April 1997, the only element of that payment to appear in the 'payments to agencies' figures for 1997-98 Estimated Outturn and 1998-99 Plans is that made to FRCA (if any) which was established to provide the services which could not be placed in the private sector.

5.58 The objectives of this Programme are:

- a) to further the success of UK producers of alcoholic drinks and UK traders in these products, safeguarding also the interests of consumers,
- b) to make EU arrangements for these as cost effective and efficient as possible, and
- c) to pursue effective enforcement of EU alcoholic drinks legislation in the UK and throughout the EU in the interests of UK producers, consumers and tax payers.

5.59 Exports of Scotch whisky world-wide were worth £2,278m in 1996, of which £1,305m went outside the EU. The IB administers payments to whisky distillers in respect of exports from the EU, reflecting the gap between EU and world cereal prices. IB costs, fully met by the EAGGF, have fallen again this year as the price gap has further reduced. Expected expenditure under the scheme for 1997-98 is £12 million. The UK has successfully resisted moves in previous years to abolish the payments, and will continue to defend them so long as levels of EU cereals prices would otherwise disadvantage the industry.

5.60 Expenditure under the CAP wine regime in the UK is limited to subsidies on the price of concentrated grape must or juice of EU origin used to produce 'made' wine. This subsidy, administered by the IB, is designed to increase the use of EU must. The British wine industry and the makers of home wine kits receive a subsidy of 17p and 21p per kilogram respectively. The estimated cost of the scheme in 1997-98 is £0.4m.

5.61 At the 1997 price fixing, the Commission undertook to provide revised proposals for reform of the wine regime to replace earlier proposals which it had made in 1994 and which had not attracted a consensus of Member States. The Commission's new proposals, now expected in the first half of 1998, will need to reflect the development of the wine market since 1994, including the outcome of recent harvests. The key aim for the UK remains cost effective arrangements for market management which discourage surplus production and do not impose unnecessary restriction on UK wine producers.

Table 5.3: Alcoholic drinks: production and trade 1996

'000 hectolitres of pure alcohol		Spirits	Beer	Wine	Cider, Perry and made wine[a]
UK Production		4,876	2,349	2	233
Trade[b]	Imports	439	280	1,002	14
	Exports	3,097	148	39	14
Value of production in £million[c] [d]		1,831	5,701	–	548

[a] Wine manufactured from imported grape must.
[b] Data are provisional and subject to amendment.
[c] Figures are 1994, and are the latest available.
[d] Comprises sales of goods produced, receipts for work done and services rendered.

Wine Standards Board

5.62 The Wine Standards Board (WSB) is a NDPB whose function is to ensure compliance with EU wine law in the UK at all stages other than retail. It provides technical advice, undertakes inspections of establishments, and follows up irregularities, including preparation of prosecution cases. The Vintners' Company, a city livery company, contributes £105,000 annually to its cost, as well as a subsidy on accommodation costs. MAFF's contribution in 1997-98 is budgeted at £372,000.

5.63 The Wine Standards Board publishes a Code of Enforcement which is made available to all traders and vineyard owners. This sets out the standards of service to be expected from the Inspectorate.

Beef

Programme Code: CE1:20

£'000		Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs		228,739	220,572	236,555
of which	*BSPS Supplementary Payments*	–	-6,964	–
	SCPS Supplementary Payments	–	8,460	–
	BMPS	–	–	–
	BMPS II	–	92	–
	Aid to the Slaughterers	–	–	–
	Aid to the Renderers	–	–	–
of which	*payments to agencies*	50	–	–
	payments to individuals	228,471	231,414	236,290
IB Scheme Costs		678,979	702,668	557,280
of which	*OTMS*	311,364	392,114	333,997
	CPAS	51,907	54,353	51,922
	Support to the Disposal chain	59,000	58,000	–
	Disposal Service	3,000	6,838	–
	Write off and Disposal of Intervention stocks	–	2,973	–
	Beef Intervention	244,575	180,124	191,367
Territorial Scheme Costs		271,919	286,669	280,931
Total Scheme Cost		**1,179,637**	**1,209,909**	**1,074,766**
EU Receipts		-903,243	-856,918	-861,161
MAFF Administration Costs		10,384	10,384	9,588

1996 production 709 tht; output £1,974 m; imports 183 tht; exports 79 tht.
1997 production 697 tht; output £1,863 m.
The 1997-98 Planned 'payments to agencies' figure includes a payment to ADAS. However, as a result of the privatisation of ADAS on 1 April 1997, the only element of that payment to appear in the 'payments to agencies' figures for 1997-98 Estimated Outturn and 1998-99 Plans is that made to FRCA (if any) which was established to provide the services which could not be placed in the private sector.

5.64 As in 1996, the main task of the Programme during the year was to cope with a severe market disturbance in the beef sector arising from the concerns about the possibility of a link between BSE and a new variant of CJD.

5.65 The objectives of this Programme are:

- a) to promote and protect the interests of UK consumers, producers, traders and processors in the beef sector,
- b) to ensure that CAP decisions affecting the sector take due account of UK interests and are cost and resource effective,
- c) to administer premium schemes (Suckler Cow Premium Scheme, including Suckler Cow Premium Quotas, and Beef Special Premium Scheme) efficiently and effectively,
- d) to help promote production and marketing patterns, which reflect the needs of domestic consumers, in consultation with the industry, and
- e) to avoid intervention in the UK except in an emergency.

5.66 The scheme costs include UK market support expenditure by the IB and payments under schemes run by the Agriculture Departments. The majority of these costs are fully funded by the EU. Expenditure under this Programme also includes BSE related measures including supplementary premium payments, aid to the disposal chain, the Over Thirty Month Scheme (OTMS) and the Calf Processing Scheme (CPAS), but not the selective cull or additional SBM enforcement measures which are contained within Programme PP1:04, BSE and Scrapie. The intervention costs (which arise at least in part from the BSE crisis) are shown here. Expenditure on the OTMS is set to exceed provision by some 25%, primarily due to larger than expected number of cattle coming through the scheme and associated storage and disposal costs.

Major Decisions Taken During the Year

5.67 Actions taken during 1997 to cope with the BSE crisis were as follows:

- a) In February supplementary payments of £30 per head were made under the Suckler Cow Premium Scheme.
- b) In April, the Agriculture Council introduced new rules for the labelling of fresh/frozen beef and veal for retail sale when claims are made about the origin, maturation process or other quality of products offered for sale.
- c) In June the European Commission, under pressure from the UK, introduced new rules on the payment rates for cattle slaughtered under the Over Thirty Month Scheme, which resulted in an eleven per cent fall (in ECU terms) in the rate for cows and the introduction of a weight limit on the payment made in respect of all animals offered under the scheme. These changes came into effect on 4 August.
- d) In July, distribution began of some 5,000 tonnes of beef under the Surplus Food Scheme.
- e) In August, a Veal Marketing Payments Scheme was introduced to support veal producers who had been adversely affected by the fall in market prices in the aftermath of the previous Government's announcements on BSE in March 1996.

The Way Ahead

5.68 A fundamental reform of the EU beef regime is required to bring supply and demand into better balance. The Commission have proposed a number of measures for beef to be implemented over the period 2000-2002. These include a 30% reduction in the intervention price. This would enable a reduction in export refunds, in the hope of developing new export outlets. The income loss to farmers from the price cut would be offset by increases in direct payments to producers. Negotiation on these proposals is expected to be the main task in 1998.

5.69 In advance of EU reform, the Minister has urged on the beef industry the need for restructuring to bring supply more into line with demand and to improve the industry's competitiveness. The Government is considering how to make use of EU structural measures to this end and will consult the industry on its proposals in 1998. In the interim, additional support worth £72.5 million will be drawn from EU-funded agri-monetary compensation. Payments of £44.20 on each eligible suckler cow on 1996 Premium claims will be made in the first quarter of the year.

5.70 In addition, measures will have to be put in place to implement the new rules on the labelling of beef and veal for retail sale. While the supermarkets, which account for around two thirds of beef sold retail, are expected to participate in the voluntary arrangements, it is expected that most independent retail butchers will choose to opt out of the scheme for the present, restricting the information which they provide at point of sale to basic details as to cut, weight and price.

Beef Consumption

5.71 UK beef consumption has been falling at about 2.5% per year over the last decade. Public concern about BSE in November 1995 and March 1996 resulted in further falls of 10% and 20% respectively. During 1997 there has been some recovery and, overall, GB household beef consumption was around 8% higher than in 1996.

Beef Market

5.72 During 1997, GB clean cattle market prices (steers, heifers and young bulls) averaged around 96p/kg (liveweight) – some 8% below 1996 levels and 22% below 1995. Although prices rallied briefly during the period July to September (when the heat was off the pound and imports slowed) they have since fallen and remain at a low level. UK imports during 1997 (up to the end of October) totalled 122,250 tonnes – up by 23% on the same period last year and 8% higher than in 1995. Inevitably these imports are adding downward pressure to domestic prices. However, the current depression in the beef market is mainly due to oversupply, the loss of exports and reduced markets for forequarter meat.

5.73 Intervention buying continued at a relatively high level during 1997 and, during the course of the year, nearly 250,000 tonnes was accepted into intervention in the EU of which almost 80,000 tonnes was accepted in the UK. Current stocks of intervention beef are 534,000 tonnes in the EU (as at end November). UK stocks are 97,000 tonnes (as at mid-December). Intervention buying may decline during 1998 as most of the extended intervention arrangements agreed in 1996 finished at the end of 1997. However, NI was allowed to retain eligibility for category 03 steers to keep parity with RoI. There was also a concession on the weight limit and the higher rate of processing margin was retained to account for the extra costs caused by BSE measures. Around 30% of the UK's annual production of saleable beef remains covered for intervention (down from around 50% in 1997).

Sheep

Programme Code CE1:21

		Planned	Estimated Outturn	Plans
£'000		1997-98	1997-98	1998-1999
MAFF Scheme Costs		175,140	112,466	132,659
of which	*payments to agencies*	92	–	–
	payments to individuals	175,047	111,423	132,566
Territorial Scheme Costs		250,948	172,776	197,801
IB Scheme Costs		2,427	-1,419	2,087
Total Scheme Cost		**428,515**	**283,823**	**332,547**
EU Receipts		-428,399	-286,843	-332,396
MAFF Administration Costs		3,309	3,309	3,250

1996 production 379 tht; output £1,413 m; imports 156 tht; exports 166 tht.
1997 production 350 tht; output £1,114 m.
The 1997-98 Planned 'payments to agencies' figure includes a payment to ADAS. However, as a result of the privatisation of ADAS on 1 April 1997, the only element of that payment to appear in the 'payments to agencies' figures for 1997-98 Estimated Outturn and 1998-99 Plans is that made to FRCA (if any) which was established to provide the services which could not be placed in the private sector.

5.74 The objectives of this Programme are to seek to ensure that the EU sheep market is managed efficiently and cost-effectively and has due regard to the interests of the UK.

Sheep Market

5.75 UK market prices in the sheep sector remained firm for the first three quarters of 1997. However, from end-October they began to fall steadily and for November/ December were some 30% down on the same period in 1996. This is largely attributed to the poorer quality of some lambs and to strengthening sterling, which has reduced export demand and thus led to higher domestic supplies. Nevertheless, good prices

earlier in the year mean that for the year as a whole, prices averaged just 9% below 1996 levels.

Market Support

5.76 The sheepmeat Private Storage Aid Scheme, administered by the IB, is an EU-wide scheme funded by the EAGGF and is triggered if the EU market price and the market price in any individual Member State fall below a certain percentage of the seasonally adjusted basic price. It was not operated in the UK in the first three quarters of 1997-98. IB receipts, arising from the recovery of sheep export levies in operation until January 1992 but delayed by legal challenges, are estimated at a maximum of £2.5m, depending on the outcome of the legal action.

Sheep Annual Premium Scheme

5.77 Producers receive a payment on eligible ewes linked to the EU average market price of sheepmeat. For the 1997 scheme, the total premium was £11.61 per ewe. In addition, a supplement of £5.15 per ewe was paid to producers in the Less Favoured Area (LFA). Payments are limited by quotas as for Suckler Cow Premium. Total sheep premium quota in England is 8.6 million (19.6 million in the UK). In the light of low returns for sheep producers at the end of the year, it was decided to draw on agri-monetary compensation available from the EU to make payments worth £12.5 million to UK sheep producers on the basis of their 1997 Premium claims. These additional payments are expected to be in the order of 50p per head at the basic rate and 73p per head in the LFA and will be made in the first quarter of 1998.

Wool

5.78 The British Wool Marketing Board continued to operate its statutory obligation to collect and sell almost all UK fleece wool. A condition of the final report of the 1995-96 policy review is that a further review of the Boards statutory obligation in respect of UK fleece wool will be carried out in 1998-99.

5.79 The plans for the future are:

- a) to encourage the Commission to manage the market in such a way so as to prevent the need for Private Storage Aid, and
- b) to seek to reduce the continuing high costs of the sheepmeat regime and in particular a reduction in the basic sheepmeat price.

Pigmeat (including farmed deer, venison and ostrich meat and sponsorship of the Meat and Livestock Commission (MLC))

Programme Code: CE1:22

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	332	351	332
of which payments to agencies	48	–	–
IB Scheme Costs	2,450	1,131	2,342
Total Scheme Cost	**2,782**	**1,482**	**2,674**
EU Receipts	-2,450	-1,131	-2,342
MAFF Administration Costs	220	220	220

1996 UK production 996 tht; output £1,313 m; imports 536 tht; exports 193 tht
1997 UK production 1,089 tht; output £1,140 m
The 1997-98 Planned 'payments to agencies' figure includes a payment to ADAS. However, as a result of the privatisation of ADAS on 1 April 1997, the only element of that payment to appear in the 'payments to agencies' figures for 1997-98 Estimated Outturn and 1998-99 Plans is that made to FRCA (if any) which was established to provide the services which could not be placed in the private sector.

5.80 The objectives of this Programme are:

- a) to ensure that EU policies affecting the pig industry take full account of UK interests,
- b) to promote the well-being of the British pig industry, and
- c) to ensure that the Meat and Livestock Commission (MLC) operates in accordance with legislation and central guidance.

Pigmeat

5.81 The CAP pigmeat regime requires producers to look to the market for their returns. It provides only limited indirect support measures, operated by the IB, through a system of import tariffs, export refunds, aids to provide storage and exceptional support measures. The costs are fully reimbursed from the EAGGF. MAFF's scheme costs represent the MLC Commissioners' salaries and expenses and payments to ADAS.

5.82 The pigmeat market is cyclical, with a large variation in market prices between peak and trough. Following a market recovery in 1996, when prices reached record levels in the early summer, prices fell to lower levels in the fourth quarter and these low prices continued into 1997. However, due in part to animal disease problems in the Netherlands, Belgium, Germany and Spain, prices again recovered during the spring/early summer. In the latter part of the year, prices fell once more. The high value of the pound was a factor in this, as was an increase in supply.

5.83 Throughout all these fluctuations in prices, pig production remained a generally profitable enterprise, partly as a result of lower feed prices and good export demand. This situation started to change in the final weeks of 1997 and is expected to change further in 1998. Although feed costs are likely to continue to fall, this is unlikely to be enough to compensate for lower pig prices. If this happens, margins will be squeezed and profitability reduced or eliminated.

5.84 Progress has been made on the key tasks identified in the 1997 Report. MAFF has encouraged the large retailers to be consistent in their specifications for pigmeat supplies regardless of source. This will help to ensure that the British industry can compete on equal terms. During February and March 1997, a number of MAFF funded producer workshops on future investment were well received by those who attended. ADAS has been commissioned to produce a report on competitiveness and on what the British industry can learn from its continental neighbours. However, costs related to abattoir operations are likely to increase and this will itself affect competitiveness.

The Meat and Livestock Commission (MLC)

5.85 The MLC's main objectives are to improve the efficiency and competitiveness of the British redmeat industry in order to help it meet consumer requirements and to exploit marketing opportunities in the EU and third countries. During the year the Government continued to work closely with the MLC on a large number of issues, including BSE and beef promotion, the delegation of certain powers in Scotland and Wales, the annual report and accounts and the corporate plan.

Future Plans and Key Tasks

5.86 Activities in the coming year will seek to:

- a) encourage the industry further to recognise consumer needs and to adopt any improvements to their practices which are identified in the ADAS Report on Competitiveness,
- b) ensure that the interests of the intensive livestock sector are taken into account when dealing with environmental protection measures, and
- c) develop a more pro-active role in respect of issues affecting the farmed deer and ostrich industries.

Eggs and Poultry

Programme Code: CE1:23

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	94	117	244
of which payments to agencies	94	–	–
IB Scheme Costs	1,382	766	1,178
Total Scheme Cost	**1,476**	**883**	**1,422**
Receipts	-1,382	-766	-1,178
MAFF Administration Costs	1,108	1,108	1,148
Receipts	–	–	-10
Net Administration	1,108	1,108	1,138

1996 UK poultry production 1,451 tht; output £1,498 m; imports 262 tht; exports 171 tht
1997 UK poultry production 1,497 tht; output £ 1,472 m
1996 UK hen egg production 873 mdoz; output £452 m; imports 52 mdoz; exports 13 mdoz
1997 UK hen egg production 896 mdoz; output £ 416 m
The 1997-98 Planned 'payments to agencies' figure includes a payment to ADAS. However, as a result of the privatisation of ADAS on 1 April 1997, the only element of that payment to appear in the 'payments to agencies' figures for 1997-98 Estimated Outturn and 1998-99 Plans is that made to FRCA (if any) which was established to provide the services which could not be placed in the private sector.

5.87 The objectives of this Programme are:

- a) to promote the interests of UK consumers, traders, producers, and processors of eggs and poultry,
- b) to promote the efficiency of the UK egg and poultry industries and to ensure their ability to trade under conditions of fair competition,
- c) to seek to ensure that the CAP regime for eggs and poultry is effective and efficient in its use of resources and takes account of the needs of the UK trade and industry and consumers, and
- d) to maintain quality standards in the egg and poultrymeat market by applying economically the EU Egg Marketing Regulations and Poultrymeat Marketing Regulations in England and Wales.

5.88 The CAP regime for eggs and poultry requires producers to look to the market for their returns. It provides only limited indirect support measures, through a system of import tariffs, additional duties (if the market is threatened by low priced imports) and export refunds to compensate for higher production costs in the EU. The latter are administered by the IB and the costs fully reimbursed from the EAGGF. The operation of the regime is constrained by commitments made under the GATT Uruguay Round. In particular, subsidised exports are subject to limits on volume and expenditure, which

apply progressively each year until the year 2001. Negotiations on implementing these restrictions in GATT year 3 (commencing 1 July 1997) were concluded satisfactorily. However for the latter half of this year poultrymeat prices were seriously affected by low priced imports. In part this was due to the strength of sterling but, where appropriate, EU additional duty action was triggered under WTO safeguard provisions.

5.89 The EU marketing standards for eggs are enforced by the Egg Marketing Inspectorates in England and Wales, Scotland and Northern Ireland. The Inspectorates are responsible for enforcing standards from farm to retail at which point the local authorities take over. MAFF administration costs include the England and Wales Inspectorate, which operates on Citizen's Charter principles including publication of an Annual Report. The EMI met its Citizen's Charter targets. It was also restructured to make efficiency savings.

5.90 In 1997 the shell egg market suffered a fall in prices compared with 1996 following a cyclical increase in chick placings from the end of 1996. Household consumption of shell eggs remains static. The change from the seven numerical sizes to the four descriptor sizes was successfully completed by end June 1997 for those with computerised graders. The poultrymeat market continued, at least for the early part of the year, to enjoy good demand in the wake of the BSE crisis. By the summer profitability had declined because low priced imports compounded existing over supply.

Future Plans and Key Tasks

5.91 Activities in the coming year will seek to:

- a) maintain additional import duties under WTO safeguard provisions where needed to protect the EU market from low priced imports,
- b) ensure that the regime for allocation of export refund licences and preferential quota in GATT year 4 (commencing 1 July 1998) does not discriminate against the UK egg and poultry industries,
- c) negotiate within the Eggs and Poultry Management Committee changes to shell egg special marketing term criteria, dependant on the concurrent welfare discussions, and
- d) introduce a more detailed UK enforcement regime for poultrymeat marketing standards.

Milk and Milk Products

Programme Code: CE1:24

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	133	114	65
of which payments to agencies	128	–	–
IB Scheme Costs	179,897	210,261	172,347
Total Scheme Cost	**180,030**	**210,375**	**172,412**
EU Receipts	-177,741	-200,979	-172,215
MAFF Administration Costs	937	937	995
Receipts	-796	-796	-750
Net Administration	141	141	245

1996 UK raw milk production 13,979 million litres; output £3,502 m
1997 UK raw milk production 14,163 million litres; output £3,154 m
1996 milk and milk products imports 710 tht; £1,130 m; exports 479 tht; £704 m
1995 milk and milk products; imports 667 tht; £1,074 m; exports 634 tht; £789 m
The 1997-98 Planned 'payments to agencies' figure includes a payment to ADAS. However, as a result of the privatisation of ADAS on 1 April 1997, the only element of that payment to appear in the 'payments to agencies' figures for 1997-98 Estimated Outturn and 1998-99 Plans is that made to FRCA (if any) which was established to provide the services which could not be placed in the private sector.

5.92 The objectives of this Programme are:

- a) to maintain the milk quota register in the UK in accordance with EU and UK legislation,
- b) to protect the interests of UK consumers, producers, traders and processors and to manage the market for milk and milk products effectively and efficiently,
- c) to ensure that the formulation and implementation of EU legislation takes account of the structure and needs of the UK dairy industry,
- d) to promote developments in EU policy consistent with the UK's aims for the dairy sector; in particular, to encourage reductions in financial and other resource costs through reductions in support prices and the removal of production controls, and
- e) to ensure that the Milk Development Council operates within its statutory remit and delivers value for money to its levy payers.

5.93 Under the Milk and Milk Products Programme, the IB administers EU support measures for milk and milk products, including intervention and private storage, open market aid for butter and SMP (Skimmed Milk Powder), the EU school milk scheme, EU promotional funds, import and export licensing and export refunds. The IB is also responsible for the administration of milk quotas.

5.94 The world and EU markets for butter were considerably stronger than in 1996 as a result of increased demand from Russia. As a result, intervention for butter was closed

in most Member States throughout the year and in all Member States by the end of the year. UK stocks of intervention butter fell from a level of about 4,000 tonnes at the beginning of the year (41,000 tonnes in store in the EU) to 2,300 tonnes by the end of the year. The market for milk powders weakened throughout 1997. During the March to August period when intervention for SMP was open, just over 21,000 tonnes was brought into UK stores. Of this quantity, about 1,000 tonnes originated in other Member States. The fall in intervention purchases and further reductions in subsidised exports (particularly in the cheese sector as GATT restrictions tightened) led to a fall in IB scheme costs.

5.95 In 1996-97 the level of quota remained at the same level as in 1995-96. During the 1996-97 quota year the UK exceeded its national quota of 14.2 billion litres by 54 million litres (0.38 per cent) and paid a superlevy of £14.7m. This compares with an over production of 157 million litres (1.11 per cent) and superlevy of £49.3m in the 1995-96 quota year. The Government consolidated the domestic Regulations governing milk quotas. The changes, which came into force on 1 April 1997, included the introduction of more favourable provisions to reallocate unused quota to producers affected by herd movement restrictions and improved administrative procedures for the processing of quota leasing and conversion applications.

5.96 For 1997-98, intervention prices in ECUs for butter and SMP were maintained at 1996-97 levels (although sterling prices fell because of agrimonetary revaluations owing to the strength of the pound) as was the level of milk quotas. The UK continued to argue for market orientated reform of the milk regime.

5.97 The Commission's first indications of its plans for the future of the dairy regime were announced in the Agenda 2000 document issued on 16 July 1997. These include extending milk quotas to 2006 at their current levels, gradually cutting support prices by a total of 10%, introducing an annual dairy cow premium, and simplifying the dairy regime and improving its flexibility. The UK supported the Commission's desire for reform in the sector but argued that the proposals did not go far enough.

Impact of BSE

5.98 Despite assurances from the World Health Organisation, the Office Internationale des Epizooties (OIE), the Spongiform Encephalopathy Advisory Committee (SEAC) and the EU Scientific Veterinary Committee (SVC) on the safety of milk, some countries (Argentina, Guinea Bissau, Jordan, Saudi Arabia, Slovak Republic, Syria, Tanzania, Tunisia, Turkey, and the Yemen) maintained official import bans on some or all UK dairy products and confectionery in 1997. The Government continued to lobby third country governments to get these import bans lifted.

Future Plans and Key Tasks

5.99 Activities in the coming year include:

a) playing a full role in the detailed negotiations on the dairy reform aspects of the Agenda 2000 document, which are expected to commence during the UK Presidency of the EU Council in the first six months of 1998,

- b) continuing to safeguard the UK position in EU Commission Milk and Milk Products Management Committee meetings, and
- c) ensuring a successful winding up of the Residual Milk Marketing Board.

By implementing the Ministry's CAP obligations efficiently, and by seeking a more economically rational CAP while avoiding discrimination against UK businesses

Potatoes

Programme Code: CE2:01

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	124	121	124
of which payments to agencies	24	–	–
MAFF Administration Costs	133	133	117

1996 UK production 7,225 tht; output £544 m; imports 1,064 tht (of which 623 tht processed-raw equivalent); exports 296 tht (of which 87 tht processed-raw equivalent)
1997 UK production 7,154 tht; output £347 m
The 1997-98 Planned 'payments to agencies' figure includes a payment to ADAS. However, as a result of the privatisation of ADAS on 1 April 1997, the only element of that payment to appear in the 'payments to agencies' figures for 1997-98 Estimated Outturn and 1998-99 Plans is that made to FRCA (if any) which was established to provide the services which could not be placed in the private sector.

5.100 The objective of this Programme is to promote the more efficient production, processing and marketing of potatoes and potato products.

5.101 MAFF scheme costs relate to payments for the provision of statistical information by the Potato Marketing Board (PMB) until July 1997, and subsequently the British Potato Council (BPC).

5.102 As planned, the Potato Marketing Scheme (PMS) was revoked on 30 June 1997 and a small, residuary Board appointed to wind up the affairs of the PMB. During the year appointments were made to the British Potato Council, an executive NDPB established under the Industrial Organisation and Development Act 1947, which took over from the PMB the commissioning of research and development on behalf of the industry, the collection and dissemination of statistical information and generic market and export promotion. Transfer of these functions to the new Council has taken place smoothly. Key tasks will now be to monitor closely the complex levy arrangements in the early stages of their introduction and to seek to ensure that the residuary Board completes its task as soon as possible.

5.103 There is no EU regime for potatoes, although a Commission proposal remains on the table.

Horticulture (including bees)

Programme Code: CE2:02

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	1,547	1,624	1,547
of which payments to agencies	1,544	1,306	1,306
IB Scheme Costs	4,890	10,862	13,564
Total Scheme Cost	**6,437**	**12,486**	**15,111**
EU Receipts	-4,476	-10,314	-13,124
MAFF Administration Costs	4,026	4,026	4,073
Receipts	-81	-81	-81
Net Administration	3,945	3945	3,992

1996 UK output £1,916 m; imports (including from the Channel Islands) £2,748 m; exports £119 m
1997 UK output £1,820 m
The 1997-98 Planned 'payments to agencies' figure includes a payment to ADAS. However, as a result of the privatisation of ADAS on 1 April 1997, the only element of that payment to appear in the 'payments to agencies' figures for 1997-98 Estimated Outturn and 1998-99 Plans is that made to FRCA (if any) which was established to provide the services which could not be placed in the private sector.

5.104 The objective of this Programme is to assist the UK horticultural industry to become more viable, competitive, sustainable and responsive to the needs of consumers within a precarious market.

Fresh Fruit and Vegetables

5.105 The CAP regime for fresh fruit and vegetables was reformed in 1996. The new regime is based on aid for recognised producer organisations to implement approved operating programmes; common rules for trade with third countries; quality standards; withdrawals of produce from the market, and a limited range of export refunds. The IB administers all aspects involving payments.

5.106 EU funding at 50% of eligible expenditure, subject to an overall ceiling, is available to Producer Organisations who devise and carry out agreed 3-5 year operational programmes to improve production and marketing and implement environmentally sound production. In the first year of operation, 65 programmes were approved, 59 of which were for POs in England.

5.107 MAFF administers EU quality standards through the Horticultural Marketing Inspectorate which works to a Code of Practice under the Citizen's Charter. IB scheme costs relate to CAP schemes, principally funding for operational programmes, withdrawal from the market and promoting consumption of EU grown apples.

5.108 Payments under the EU Apple Orchard Grubbing Up Grant Scheme 1994-95 were completed in 1995-96. Expenditure was fully reimbursed by the EU. Compliance monitoring to ensure that there has been no replanting of apple trees on grubbed land will continue until 2010. A new limited scheme, also to include pears, is to be introduced in 1998.

Processed Fruit and Vegetables

5.109 The CAP regime for processed fruit and vegetables provides production aid for the processing industry to enable it to compete on world markets. The regime also provides protection from third country imports and limited access to export refunds and intervention buying. The regime, relating as it does principally to processed tomatoes and dried fruit, is of little direct interest to UK producers.

Plants and Flowers

5.110 The EU flowers and plants regime is based on the application of preferential customs duties for roses and carnations from certain third countries. There are also minimum quality standards set for some products. A Council Regulation established an EU promotion fund for flowers and plants worth 15 mecu in 1997-98 and 10 mecu in the second and third years. This is to be used to finance sector based promotional activity at a rate of 60% EU funding, with the remainder to be found by industry. In the first year, the UK has been allocated over 1mecu (roughly £800,000) and programmes to take up this funding have been approved from the Plants & Flowers Publicity Board, comprising the Flowers & Plants Association and the Horticultural Trades Association, and from the British Christmas Tree Growers Association.

Hops

5.111 The hops regime, administered by the IB and reimbursed by the EU, aims to improve quality through a system of certification, and support growers by payment (via producer organisations) of income aid. Recent amendments of the regime included the setting of a flat aid rate of 480 ecu/ha for all varieties of hops produced in 1996 – 2000. Income aid for the 1996 UK harvest (paid in 1997) was £1.2 million.

Covent Garden Market Authority

5.112 The Covent Garden Market Authority (CGMA) is a public corporation which falls within MAFF's responsibilities. During 1997-98, CGMA paid £0.8m into Consolidated Fund Extra Receipts (CFERs), representing excess revenues accrued during 1995-96 (as CFERs, this figure is excluded from the receipts shown in the financial table for this Programme: see Annex 4). The Government intends to dispose of the Market when Parliamentary time permits.

Non-Departmental Public Bodies (NDPBs)

5.113 The Horticultural Development Council (HDC) and the Apple and Pear Research Council (APRC) are responsible for commissioning near market R&D in their respective

sectors. Both bodies obtain their funds through levies on growers. The APRC spends approximately £330k annually on its research projects and the HDC spends approximately £2.3m. The APRC was reviewed in 1997 as required by the Industrial Organisation and Development Act 1947. On 6 June, Ministers announced that the APRC should continue for a further 5 years.

Bees

5.114 Bee health policy in the UK requires the notification of specified diseases, provides for inspections, treatment or destruction of infected bees, movement restrictions in infected areas, and restrictions on imports. The bee disease, varroa, was first confirmed in England in 1992. Government policy has been to delay its spread throughout the UK by controlling the movement of bees into and out of a Statutory Infected Area which now includes the whole of England and Wales. By the end of January 1998, 3,930 cases of varroa had been confirmed in England. Following a review of bee import licensing arrangements, some deregulatory changes have been implemented involving the amalgamation and simplification of some licences.

5.115 During 1997, the European Council adopted measures to improve the production and marketing of honey, with the aim of alleviating the burden of varroa on the beekeeping sector. EU funding is available to reimburse expenditure incurred by Member States on certain measures including the provision of technical assistance to beekeepers to improve honey production and the control of varroosis and related diseases. The United Kingdom has submitted an application for EU funding of existing bee health measures, but it is not yet clear how much we will be allocated.

'Alternative' Crops

Programme Code: CE2:03

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Administration Costs	208	208	200

5.116 The objectives of this Programme are:

- a) to encourage the development and uptake of arable crops for use as renewable raw materials for industry and energy, and
- b) to bring together agriculture, industry and researchers to identify and develop new market opportunities.

5.117 Progress towards these objectives is achieved through workshops and seminars, through provision of underpinning research furthered by co-ordination of relevant research by other Government funded bodies (see Chapter 8) and through LINK Programmes. Attention is drawn to industry benefits of new crops and uses.

5.118 Events promoted in 1997 included;

- a) a conference on the opportunities for UK-grown fibres as industrial raw materials,
- b) a conference on renewable feedstocks for the speciality chemicals industry,
- c) a workshop for farmers in Yorkshire to look at all the aspects of growing short rotation coppice for renewable energy production, and
- d) an exhibit on alternative crops at Cereals 97.

MAFF also participated in the International Wood Fuels Conference held in the UK and at an industry seminar on essential oils from herbs. Booklets on support for alternative crops and relevant Government research and development were updated.

5.119 MAFF continued to work closely with the Alternative Crops Technology Interaction Network (ACTIN) which is funded jointly by BBSC and industry, and reviewed its activities to ensure the most effective collaboration with ACTIN.

5.120 MAFF contributed to the development of UK policy on carbon dioxide emissions reductions and on renewable energy production, and worked closely with the DTI and other Departments on the continuing development of short rotation coppice as a renewable energy crop.

5.121 These activities contributed to the key task of helping to open up new markets for renewable raw materials. This will remain the key task for the coming year, and the programme of conferences and information dissemination will continue.

Trade Policy & Tropical Foods

Programme Code: CE2:10

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	150	146	167
MAFF Administration Costs	631	631	631

5.122 This Programme's objectives are:

- a) to promote increased liberalisation of agricultural trade,
- b) to ensure continuing access to the EU market for the UK's traditional banana suppliers in the Caribbean, and
- c) to seek the economical administration of the International Cocoa and Coffee Organisations.

EU and World Trade

5.123 Negotiations for free-trade agreements have been ongoing with South Africa, Egypt, Algeria and the Lebanon. Negotiations for agreements were concluded with Jordan and the Palestinian Authorities. The mid-term review of the EU's relations with its

Overseas Countries and Territories was finalised on 24 November. MAFF has provided regular input into the formulation of the Government's development policy.

5.124 The UK has continued its active involvement with the work programmes of the WTO Agriculture and Sanitary and Phytosanitary Committees, in particular the informal committee of the WTO Agriculture Committee, established following the WTO Singapore Ministerial, to carry out a process of analysis and information exchange. This provides a useful forum to ensure the next WTO agriculture round starts promptly at the turn of the century. The UK has also been actively involved in preparations for the OECD Agriculture Ministerial in the spring of 1998.

Bananas

5.125 Since July 1993 the EU banana regime has ensured that traditionally sourced bananas continue to be available to consumers, through tariff preferences for ACP suppliers and incentives to importers to bring in ACP fruit. In 1996, imports of bananas into the European market totalled 3,264,600 tonnes, with a value of £14 bn. Of this, 734,000 tonnes (22.5%), worth £326m, came from ACP suppliers with traditional links to the EU, including the UK's traditional suppliers in Jamaica (89,500 tonnes: £43m), Belize (54,100 tonnes: £21m) and the Windward Islands (191,900 tonnes: £89m). The balance represents imports from non-ACP third countries, mainly bananas from Latin America, and from non-traditional ACP suppliers. Production in the EU regions of the French Overseas Departments, the Canaries, Crete and Madeira accounted for around 684,600 tonnes.

5.126 In response to complaints from the US, Mexico, Guatemala, Honduras and Ecuador a WTO Dispute Settlement Panel was established in 1996 to consider the compatibility of the EU bananas regime with WTO rules. The Panel's report, published on 22 May 1997 and largely upheld by the WTO Appellate Body in September, found that several key aspects of the regime are incompatible with the GATT and the GATS (General Agreement on Trade in Services). The EU is likely to be given around 15 months to bring its arrangements into conformity with the WTO ruling, which will mean that the revised arrangements will need to be implemented by 1 January 1999. As the leading advocate of the developing countries in the Caribbean who have traditionally supplied the EU market and as the holder of the EU Presidency in the first half of 1998, the UK is likely to play a major part in this process.

5.127 UK retail prices fell for the first three years following the introduction of the regime and are now broadly stable. In July 1993 the UK average retail price was 48 p/lb (£1.06/kg); in July 1997 UK consumers paid 46p/lb (£0.93/kg).

5.128 In 1998, imports to the EU will take place under the current rules of the regime and the market is expected to be stable.

Coffee and Cocoa

5.129 Scheme expenditure comprises UK payments towards the administration costs of

the International Coffee and Cocoa Organisations, based in London. For 1997-98 MAFF is providing the Chairman of the International Cocoa Council and Consumer Spokesman for the International Coffee Organisation.

5.130 Following the liquidation of the cocoa buffer stock, and the return of the UK's share of the proceeds to the Consolidated Fund, Cocoa Research (UK) Ltd was launched on 9 May 1996. MAFF sits on the Board of Directors. The Company has completed a successful project looking at genetic 'finger printing' of cocoa.

Improved Marketing

Programme Code: CE2:11

£'000		Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs		8,363	9,457	4,093
of which	*BSE element of MDS*	600	600	700
	payments to agencies	146	44	19
	payments to individuals	8,211	8,211	3,254
Territorial Scheme Costs		4,976	4,316	4,499
IB Scheme Costs		46,585	40,730	38,638
Total Scheme Cost		**59,924**	**54,503**	**47,230**
EU Receipts		-51,076	-40,730	-39,746
MAFF Administration Costs		776	776	709
Receipts		-1	-1	-1
Net Administration		775	775	708

In order to retain consistency with MAFF's Supply Estimates, EU receipts in respect of other Agriculture Departments' Scheme Costs are not included; these can be found in their respective Supply Estimates and Departmental Reports
The 1997-98 Planned 'payments to agencies' figure includes a payment to ADAS. However, as a result of the privatisation of ADAS on 1 April 1997, the only element of that payment to appear in the 'payments to agencies' figures for 1997-98 Estimated Outturn and 1998-99 Plans is that made to FRCA (if any) which was established to provide the services which could not be placed in the private sector.

5.131 This Programme aims to foster the efficiency and competitiveness of MAFF sponsored industries by encouraging the effective marketing of their products and the spread of best practice.

5.132 This has been achieved through the operation of both the sectoral competitiveness scheme 'Sector Challenge' and the marketing grant schemes; by targeted marketing initiatives; by export refunds for processed foods under EU legislation; by the issue of export certificates; and by sponsorship of the commercial food processing, retail and catering sectors.

Marketing Initiatives

5.133 In 1997 the seminar programme run by MAFF's Market Task Force continued with an event in the South West, focusing on direct selling including marketing on the Internet. This was very well received and further seminars on the same topic are planned for 1998. MAFF has also given support to the Institute of Grocery Distribution's Food Project, a major new initiative launched on 29 May 1997. The Food Project aims to enhance the competitiveness of the whole food chain; at the outset, efforts are concentrated on poultry, beef, horticulture and the needs of small firms.

Marketing Grant Schemes

5.134 Following the closure on 5 November 1996 of the Marketing Development Scheme (MDS), some 66 applications for grant awaited a decision early in 1997. Of these, 10 were successful, representing a grant commitment of almost £1m over the following three years. Successful projects included those from the red meat, dairy, horticulture and food processing sectors.

5.135 A further set of MDS awards focused on helping to establish a comprehensive consumer assurance framework for the red meat sector. The Meat and Livestock Commission's 'Assured British Meat' (ABM) initiative aims to develop a system that will offer consumers guarantees on the integrity of each stage of the red meat production chain, from farm to plate. MAFF has committed £1.85m to support ABM's development, over the first 3 years of the project.

5.136 The agri-food industry enjoyed considerable success in the first round of the new 'Sector Challenge' initiative, with 28 projects securing grant of nearly £6m. Successful bids covered issues ranging from a project to enhance management standards in the licensed retail sector, to the development of a traceability system for soft fruit. A DTI co-ordinated public consultation on the merits of Sector Challenge and the operation of the first round closed on 30 September 1997. Ministers are expected to take decisions over the future of the scheme during the course of 1998.

5.137 Payments continued under the now closed EU Processing and Marketing Grant (PMG). Negotiations on any successor capital grant scheme (as foreshadowed in the European Commission's 'Agenda 2000' proposals) and consideration of the UK's participation in it, are expected be underway by the summer of 1998.

Competitiveness White Paper

5.138 The President of the Board of Trade has announced the intention to develop a White Paper which will define UK policy on competitiveness. Due for publication in the first half of 1998, the White Paper will provide a key focus for pro-active sponsorship activities within MAFF (which might include seminars, workshops and liaison with trade associations and other organisations) to pursue particular competitiveness themes. New initiatives may also result from it.

International Relations & Export Promotion

Programme Code: CE2:12

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	5,092	5,077	4,791
of which payments to agencies	22	–	–
MAFF Administration Costs	1,144	1,144	1,179

The 1997-98 Planned 'payments to agencies' figure includes a payment to ADAS. However, as a result of the privatisation of ADAS on 1 April 1997, the only element of that payment to appear in the 'payments to agencies' figures for 1997-98 Estimated Outturn and 1998-99 Plans is that made to FRCA (if any) which was established to provide the services which could not be placed in the private sector.

5.139 The objectives of this Programme are:

- a) to maximise trade and investment opportunities for the UK agro-industry with all countries,
- b) to encourage food and drink exports and speciality food producers by supporting Food From Britain (FFB), and
- c) to maintain good diplomatic relations with non-EU countries and international organisations to the benefit of the UK and MAFF sponsored industries.

5.140 MAFF pursues these objectives by fostering international relations at official level through liaison with foreign Ministries of Agriculture, embassies and posts world wide, in particular with countries offering new opportunities for export trade (such as the countries of Central and Eastern Europe, the former Soviet Union, China, the Pacific Rim and Latin America); by maximising trade opportunities for the UK agro-industry by offering specific country information, representation at selected overseas trade fairs, Ministerial led missions to targeted countries and identification of expanding overseas markets; by the direction and funding of FFB; and by implementing EU Regulations protecting food names. 28 UK names had been registered by December 1997.

5.141 Integration with the plans of other Government Departments has been achieved through the Whitehall Export Promotion Committee. MAFF was also a member of the Government's Export Forum which produced the report 'Towards an Export Initiative' on 10 November 1997. This endorsed most aspects of Government export promotion policy, but proposed 'improved branding' and some other practical improvements along the same lines as the results of our own Policy Evaluation Review (see paragraph second one below).

5.142 During 1997, MAFF's presence at overseas fairs attracted well over 800 serious enquiries for UK agro-industrial products. The Programme also involved exploratory missions/seminars in Central and South America, and seminars during trade fairs in the Philippines, New Zealand and Azerbaijan. In addition, seminars on Central and Eastern Europe, Latin America and SE Asia were held in the UK to inform the industry of

opportunities in these markets. Further details of Ministerial visits and International Exhibitions are supplied in Annex 13.

5.143 A policy evaluation review of the Programme was carried out in early 1997. This included a customer survey of its effectiveness. The review recommended the continuation of the Programme. It also made specific recommendations towards introducing a three-year advance planning process for all major activities in close consultation with industry, which has been done, re-prioritising the balance of activities abroad and introducing new ones within the UK, which has been initiated, and changing internal organisation, which has started but not completed.

Food From Britain

5.144 Industry funding in 1996-97 was £6.2 m, up £0.1 m on the previous year. Funding by MAFF was £5.3 m. FFB has expanded the range of services offered by its new offices in Scandinavia and Japan. FFB worked with some 1000 companies in 1996/97 to improve their business in international markets. Exports of UK food and drink increased to £ 10.1 billion in 1996 from £ 10 billion in 1995, a growth of 1%, despite the loss of beef exports.

Plant Varieties and Seeds

Programme Code: CE2:20

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	5,226	12,601	5,273
of which payments to agencies	4	–	–
IB Scheme Costs	5,143	5,469	4,739
Total Scheme Cost	**10,369**	**18,070**	**10,012**
EU Receipts	-5,143	-5,469	-4,739
Non EU Receipts	-4,418	-10,692	-4,400
MAFF Administration Costs	1,112	1,389	1,403
Receipts	-8	-8	-8
Net Administration	1,104	1,381	1,395

The 1997-98 Planned 'payments to agencies' figure includes a payment to ADAS. However, as a result of the privatisation of ADAS on 1 April 1997, the only element of that payment to appear in the 'payments to agencies' figures for 1997-98 Estimated Outturn and 1998-99 Plans is that made to FRCA (if any) which was established to provide the services which could not be placed in the private sector.

5.145 The objectives of this Programme are:

- a) to enable plant breeders to obtain legally enforceable intellectual property rights over their new plant varieties,
- b) to operate a UK National List system in accordance with EU Directives regulating the marketing of seed, and
- c) to operate a Seed Certification system in England and Wales in accordance with EU Directives.

UK Plant Breeders' Rights

5.146 The UK operates a voluntary intellectual property system for the protection of plant varieties, which is based on the International Convention for the Protection of New Varieties of Plants (the UPOV Convention). Applicants meet the full cost of running the system (£1 million) through statutory fees. The new Plant Varieties Act 1997 received royal assent on 27 November and will bring UK legislation into line with the 1991 revision of the UPOV Convention. The new Act extends the potential scope of protection to the whole plant kingdom as well as extending the breeder's rights in a number of new areas, including making provision for the payment of remuneration to breeders in respect of farm saved seed. The necessary secondary legislation should be in place by the spring of 1998 when the UK will be in a position to ratify the revised UPOV Convention of 1991.

EU Plant Breeders Rights

5.147 Angers (France) became the permanent site of the new EU Plant Variety Office (CPVO) with effect from 1 August 1997. The CPVO operates an EU wide system of plant breeders rights which affords breeders a simple means – via a single application to the CPVO – of obtaining EU-wide protection for their new varieties rather than applying to every Member State in which protection is required.

National Listing

5.148 This scheme meets the requirements of EU Directives regulating the marketing of seed and is effectively a consumer protection system that ensures only seed of varieties of tested agronomic value are available for sale in the UK. The major element of UK scheme costs is payments to the National Institute of Agricultural Botany (NIAB) and other authorities to carry out the necessary tests and trials required for National Listing. In addition, the industry carries out approximately 50% of the National List value for cultivation and use trials under official licence and at its own expense. An estimated £1.3m of the £1.6m official cost of running the National List system will be recovered from the industry through statutory fees.

Seed Certification

5.149 The Seed Certification Scheme lays down minimum standards of purity and germination for seeds, as required under EU Regulations. Crop inspections and laboratory testing ensure that seed of the main agricultural and horticultural species is marketed to prescribed quality standards. MAFF administers official seed certification in England and Wales, at a cost in 1997-98 of about £2.0m, and seeks to recover the costs in full.

5.150 IB scheme costs relate to EU Seed Production Aid.

Plant Varieties and Seeds Tribunal

5.151 The Tribunal, which was established under the Plant Varieties and Seeds Act 1964, hears appeals against the decisions of the Controller of Plant Variety Rights on plant breeders' rights matters, against decisions of the Agriculture Ministers' on National List and seeds matters and against decisions of the Forestry Commissioners on matters concerning forest reproductive materials. The Tribunal has not met in recent years.

Future Tasks

5.152 The plant breeders' rights and National List systems continue to attract applications in respect of genetically modified plant varieties. Commission proposals to amend Directives on the common catalogues of plant species contain provision for the requirements governing consent to release genetically modified organisms to be transferred from the existing horizontal Directive on the deliberate release into the environment of genetically modified organisms (Directive 90/220) to the common catalogue Directives. A consequence of this will be the transfer of co-ordination of approval for marketing of such varieties from the DETR to MAFF's Plant Varieties and Seeds Division. Timing is uncertain, since much depends on progress with the amendments to the common catalogue Directives, but consideration is under way on how the transfer will be achieved and consultation with the industry will follow in due course.

5.153 An intensive programme of work is underway to ensure that all IT systems supporting the statutory plant breeders rights, National List and seed certification systems continue to operate beyond the millennium.

Organic Farming

Programme Code: CE2:22

£'000		Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs		1,250	1,097	2,955
of which	*payments to agencies*	283	353	214
	payments to individuals	846	296	2,591
Territorial Scheme Costs		478	280	496
Total Scheme Cost		**1,728**	**1,377**	**3,451**
EU Receipts		-759	-576	-816
Non EU Receipts		-1	-10	-8
MAFF Administration Costs		318	318	328

The 1997-98 Planned 'payments to agencies' figure includes a payment to ADAS. However, as a result of the privatisation of ADAS on 1 April 1997, the only element of that payment to appear in the 'payments to agencies' figures for 1997-98 Estimated Outturn and 1998-99 Plans is that made to FRCA (if any) which was established to provide the services which could not be placed in the private sector.

5.154 The objective of this Programme is to support and encourage an expansion of organic farming as one of the options available for environmentally friendly production.

5.155 The Programme mainly concerns operation of the Organic Aid Scheme. The scheme forms part of the UK national programme to implement Council Regulation 2078/92 (the Agri-Environment Regulation) and provides financial help to farmers wishing to convert to organic systems. Payments are funded 50% by the National Exchequer and 50% by the EAGGF Guarantee Section. Similar schemes are operated by the three other Agriculture Departments. The Programme also includes elements for administrative and statutory support for organic production standards and a free information service. There is also a dedicated research programme.

5.156 By the end of December 1997, a total of 257 applications, representing 9,454 hectares had been accepted into the Organic Aid Scheme in England. A review of the rates and structure of aid under this scheme was announced on 29 July 1997.

5.157 The Organic Conversion Information Service (OCIS) was launched on 27 June 1996. The service offers a dedicated telephone 'Helpline' and free advisory visits to potential organic farmers. Interest has been strong and over 1,200 calls had been made to the helpline and over 1,050 advisory visits requested by the end of December 1997. MAFF is financing two private sector bodies to provide these services: The Soil Association for the Helpline and Elm Farm Research Centre for the on-farm visits. The Farming and Rural Conservation Agency act as the managers of the project.

5.158 MAFF also provides secretarial help for the independent UK Register of Organic Food Standards (UKROFS). UKROFS consists of an independent board appointed by UK Agriculture Ministers and is charged with oversight of standards relating to organic food production in the UK including the application of EU rules. Proposed EU rules on livestock products are under discussion but progress has been slow.

5.159 Payments under the Organic Aid Scheme are made quarterly and MAFF aims to make at least 90% of the payments within four weeks of the due date.

5.160 Key tasks for the future will be implementing any changes introduced as a result of the review of the Organic Aid Scheme and progressing the negotiations on livestock standards during the UK Presidency of the EU.

Agricultural Resources and Better Regulation

Programme Code: CE2:23

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	1,271	1,343	891
of which payments to agencies	122	–	–
Non EU Receipts	-50	-71	-50
MAFF Administration Costs	858	858	839

The 1997-98 Planned 'payments to agencies' figure includes a payment to ADAS. However, as a result of the privatisation of ADAS on 1 April 1997, the only element of that payment to appear in the 'payments to agencies' figures for 1997-98 Estimated Outturn and 1998-99 Plans is that made to FRCA (if any) which was established to provide the services which could not be placed in the private sector.

5.161 The objectives of this Programme are:

- a) to encourage the creation of a well-trained workforce within the agriculture and commercial horticulture industries, and
- b) to provide secretarial support for the Agricultural Wages Board for England and Wales, and enforce the agricultural minimum wage and other provisions in the Agricultural Wages Order.

Agricultural Training

5.162 Scheme costs mainly comprise contract payments to ATB-Landbase Limited which provides Industry Training Organisation and Lead Body services for the agricultural industry. MAFF has let a three year contract with ATB-Landbase which runs to March 2000. Contract payments will reduce over the life of the contract from £700,000 in 1997/98 to £350,000 in 1999/2000. In addition to direct MAFF funding, ATB-Landbase successfully bid for two Sector Challenge projects, worth almost £2 million between 1997 and 2000. ATB-Landbase is currently seeking accreditation as the National Training

Organisation for the agricultural and other landbased industries under the revised sectoral training arrangements being put in place by DfEE. Other scheme costs include a contribution of £36,000 per annum towards the educational activities of the National Federation of Young Farmers' Clubs. In 1997 some 4,550 level 1-3 National Vocational Qualifications were achieved in agriculture and horticulture. This is double the number of NVQs achieved in the two previous years in each of which over 2,000 were awarded.

5.163 The Agricultural Wages Board (AWB) was set up in 1948 as an independent body with responsibility for determining minimum pay rates and other conditions for agricultural workers in England and Wales. MAFF provides the secretariat to the AWB and meets its expenses. It also enforces the Wages Order made by the AWB through its regional field staff. Formal complaints about underpayment of wages are followed up within 10 working days of receipt. In 1996-97, 83 complaints were dealt with, resulting in 4 prosecutions, all of them successful. The 1997 Wages Order was produced in a simplified and more user-friendly format. It set a rate of £4.12 per hour for full time standard workers and £3.06 per hour for casual workers. The Government has introduced the National Minimum Wage Bill which provides for the AWB to be retained but would not allow it to set a wage rate for agricultural workers which was lower than the National Minimum Wage.

5.164 Under the Rent (Agriculture) Act 1976, MAFF provides administrative support for, and finances, Agricultural Dwelling House Advisory Committees (ADHACs). A farmer may apply to the local housing authority requesting it to re-house an agricultural worker living in tied housing (who may for example be about to retire) on the grounds that the house is needed for another agricultural worker. The ADHAC advises the housing authority on the agricultural need for the farmer to regain possession of the house and the urgency.

Finance

5.165 MAFF ensures that the needs of the agriculture, food and fishing industries are recognised in the development of tax and related policies, and their implementation. The Government continues to provide guarantees for loans taken out prior to 1989. These guarantees were provided through the mechanism of the Agricultural Credit Corporation to those qualifying agricultural businesses which were unable to secure bank loans on normal commercial terms. No new guarantees have been agreed since 1989; the value of outstanding guarantees is estimated at £2.1 million per annum from 1997/98 onwards.

Employment Issues

5.166 Following a debate in the House on 21 May 1997, an interdepartmental working group, led by MAFF, was set up to review the activities of agricultural gangmasters. The working party identified a significant disregard of tax, NIC and employment regulations by a minority of gangmasters and made a number of recommendations concerning their enforcement. MAFF Ministers will be monitoring during 1998 the effectiveness of measures implemented as a result of the working party's recommendations.

5.167 MAFF continues to support initiatives intended to improve safety in the workplace and is also playing a full role in the implementation of the Young Workers' Directive and the Working Time Directive.

Better Regulation

5.168 This Programme covers the Department's work on improving the quality of regulation. It also includes an in-house forms' design service. MAFF plays a full and active part in the Better Regulation Initiative to ensure that Regulations are simple, helpful and fair. Regulatory Appraisals (RAs) are prepared on all new regulatory proposals which would impose a burden on, or (since the Autumn) a saving to, business. 48 RAs were published alongside Regulations made in 1997.

5.169 The implementation of recommendations made in the Efficiency Scrutiny on Simplifying Farmers' Paperwork which MAFF and WOAD carried out in 1996 led to annual savings of an estimated £5.4 million to farmers in reductions in compliance costs in relation to the paperwork required. These were secured through changes involving amended procedures or changes to forms and sometimes both.

5.170 Reviews of 469 forms were completed in 1997 as part of the policy to review, simplify and abolish forms. Of these 75 were discontinued or replaced by new scheme year forms and 114 amended.

5.171 22 forms and guidance notes were made available electronically on the Internet service, Direct Access Government, as part of the Better Regulation initiative.

Conservation of Sea Fish Stocks

Programme Code: CE2:30

	Planned	Estimated Outturn	Plans
£'000	1997-98	1997-98	1998-1999
MAFF Scheme Costs	4,716	4,690	6,826
of which payments to agencies	4,546	4,546	6,646
MAFF Administration Costs	1,053	1,053	978
Receipts	-14	-14	-14
Net Administration Costs	1,039	1,039	964

5.172 The objectives of this Programme are:

- a) to manage UK fishing opportunities, principally through the Common Fisheries Policy (CFP), so that stocks are conserved to the benefit of producers, processors and consumers, and
- b) to ensure that environmental considerations are properly taken into account in fisheries policy decisions.

5.173 The major concern of the Programme is the conservation of sea fish stocks. The UK subscription to the International Council for the Exploration of the Sea (ICES) accounts for the majority of the non-agency scheme costs under the Programme. ICES prepares scientific advice on the levels of fishing that stocks can sustain; and each year, within the CFP, the Council of Ministers sets Total Allowable Catches (TACs) in the light of ICES advice. TACs are allocated as quotas to Member States using fixed keys based on historic fishing activity. The CFP also aims to conserve stocks by making rules on fishing gear and methods.

5.174 MAFF leads for the UK in CFP negotiations. It is also responsible for overseeing the twelve Sea Fisheries Committees (SFCs) which regulate inshore fisheries in England and Wales.

5.175 In 1997-98 MAFF's Agency, the Centre for Environment, Fisheries and Aquaculture Science (CEFAS), monitored the level of 31 stocks of fish and contributed detailed advice on their size composition to ICES. The TACs set by the Council for 1998 reflected this advice and produced total UK quotas for the main stocks of 540,000 tonnes, expressed as cod equivalent. This compares with 547,000 tonnes in 1995, 492,000 tonnes in 1996 and 485,000 tonnes in 1997. 24,000 tonnes of the increase between 1997 and 1998 was the result of introducing new quotas; the remainder reflected the improved state of stocks of North Sea herring, North Sea cod and mackerel in particular. A measure of the state of stocks is the proportion fished by the UK and other EU fleets which is considered to be above the level (known as the minimum biologically acceptable level) necessary to avoid an increasing risk that they will fail to reproduce themselves: this was 42% in 1994, 43% in 1995 and 51% in 1996. However, the figures are not directly comparable from year to year because the stocks included by ICES vary.

5.176 The UK Fisheries Conservation Group consists of representatives of the industry, fisheries scientists and officials from the four UK Fisheries Departments. The Group met during the year to discuss a wide-ranging Commission proposal to reform EU rules on fishing gear and methods. A package of measures designed to improve fisheries conservation was finally agreed at the October 1997 Council.

5.177 There was continuing widespread public and Parliamentary interest in how best to manage and conserve fish stocks internationally, including the need for changes to the CFP. This included follow-up to a meeting of North Sea Fisheries and Environment Ministers in March 1997, which stressed the need for further integration of environmental considerations into the CFP. The Government produced a progress report to mark the anniversary of the meeting.

5.178 For the future, MAFF will pursue the Government's plans for improving the CFP, work to ensure that CFP TACs continue to reflect UK objectives and seek to achieve further progress in integrating fisheries and environment policies.

Fishery Structures and Markets

Programme Code: CE2:31

	Planned	Estimated Outturn	Plans
£'000	1997-98	1997-98	1998-1999
MAFF Scheme Costs	19,348	20,695	11,677
of which payments to individuals	15,805	15,000	3,505
EU Receipts	-9,987	-8,761	-2,219
Non EU Receipts	-85	-90	-48
MAFF Administration Costs	1,150	1,150	1,269
Receipts	-52	-52	-52
Net Administration Costs	1,098	1,098	1,217
Supplementary Credit Approvals	345	345	691

5.179 The objectives of this Programme are:

- a) to promote a safe and efficient fishing industry whose capacity and effort are in line with what the stocks will bear,
- b) to encourage the improved marketing of fish for the benefit of consumers and the industry, and
- c) to act as sponsor for the NDPB, the Sea Fish Industry Authority (SFIA).

5.180 Overcapacity in the catching sector remains a major threat to the longer term viability and competitiveness of the industry throughout the EU because of its impact on sustainable fishing. In April 1997 the Fisheries Council agreed a series of objectives for further fleet and fishing effort reductions over the next 5 years designed to prevent the possible collapse of the stocks under greatest pressure and to help rebuild others to safer levels. All maritime Member States have been set new individual targets in their own Multi-Annual Guidance Programmes (MAGP IV) which reflect the pattern of their fishing and past performance in achieving targets under MAGP III, which expired at the end of 1996.

5.181 Taking account of capacity reductions resulting from the decommissioning programme initiated in 1993 (which, by the end of the 1997/98 financial year, is expected to have removed around 10% of the fleet at a cost of some £50m) and of certain corrections to the outturn figures for MAGP III, the UK's MAGP IV targets imply that the majority of the fleet will be able to continue to fish as now, provided its effort does not increase. But for the 250 or so vessels in the pelagic and beam trawl segments active management of fishing effort will be required. Performance against MAGP IV targets will be reviewed on an annual basis and implementation plans adjusted accordingly.

5.182 Other financial aid to the fishing industry is provided under a number of grant schemes, which are being examined as part of the Government's Comprehensive Spending Review (CSR). These include grants towards the cost of vessels obtaining a Marine Safety Agency certificate at an expected cost of £1.12 million in 1997-98, and grants for improvements in facilities for the processing and marketing of fisheries and aquaculture products and to improve fishing port facilities, where awards totalled just over £1.6 million. Most of these qualify for a percentage of EU reimbursement, though in the case of safety grants this was temporarily suspended during 1997 pending decisions on MAGP IV. A further £1.4 million of aid was available to English ports under the nationally funded fishing harbour grant scheme. EU grants are also available for the promotion of fishery products, with planned provision of up to £2.6 million over 4 years, and for the PESCA Community Initiative, where there is annual provision of £0.5 million to assist the restructuring of the fisheries sector.

5.183 The Sea Fish Industry Authority (SFIA) continues to carry out a wide range of activities in the interests of the sea fish industry. Full details of these are included in its annual report which was published on 10 September 1997. Last year it established a Fish Industry Forum comprising all sectors of the industry to discuss the important problems faced by the industry. A rolling five year corporate plan was agreed by the Board in July 1997. A quinquennial review of the SFIA was undertaken and its recommendations will be published in 1998.

5.184 In the normal annual exercise, revised EU fish market support prices were agreed along with renewed concessionary import arrangements. The latter help to ensure supply of competitively priced raw material to EU processors.

5.185 During 1998 the Commission intend to bring forward proposals for changes to the operation of the fish marketing regime. The UK's aim will be to seek to improve the marketing performance of the UK industry with the minimum of regulatory intervention.

Fish Farming and Shellfish Production

Programme Code: CE2:32

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	1,421	1,150	1,902
of which payments to agencies	1,356	1,146	1,898
Non EU Receipts	-4	-4	-4
MAFF Administration Costs	448	374	559
Receipts	-2	-1	-2
Net Administration Costs	446	373	557

During the course of 1997-98 responsibility for work on fish and shellfish hygiene was transferred to Programme PP1:02, Food Hygiene.

5.186 The objectives of this Programme are:

a) to encourage the development of efficient fish farming and shellfish cultivation,
b) to conserve shellfisheries,
c) to safeguard the health of wild and farmed fish and shellfish stocks, and
d) to prevent the spread of serious fish and shellfish diseases.

5.187 MAFF takes the UK lead in negotiations on fish health matters within the EU. With the Welsh Office it is responsible, through the Fish Health Inspectorate (part of the Centre for Environmental, Fisheries and Aquaculture Science), for the implementation and enforcement of fish health policy in England and Wales. The Inspectorate administers and enforces import rules designed to prevent the introduction of fish and shellfish diseases into Great Britain. It also carries out the programme of inspections and sampling required to maintain Great Britain's approved zone status for the serious salmonid diseases Infectious Haematopoietic Necrosis (IHN) and Viral Haemorrhagic Septicaemia (VHS), for establishing the causes of other disease outbreaks and, if an outbreak of a notifiable disease occurs, for taking appropriate action. Shellfish sites also have to be inspected regularly, as approved zone status is being sought for the shellfish diseases Marteilia and (for most of the coastline) for Bonamia.

Table 5.4: Fish health inspections and outbreaks of notifiable diseases

	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
Total number of inspections	1161	1301	1342	1477	1447	1476*
Average costs per inspection	£181	£197	£203	£235	£245	£208*
% of registered sites inspected and sampled in accordance with approved zone programme	100%	100%	100%	100%	100%	100%
Outbreaks of Notifiable Diseases:						
Spring Viraemia of Carp (SVC)	0	0	22	14	3	7
Bacterial Kidney Disease (BKD)	0	23	6	1	0	0
Bonamia Ostrea	13	45	25	2	0	0

*Planning assumption

5.188 The Programme also supports the fish farming and shellfish industry through administration of Several and Regulating Orders for shellfisheries, and the provision of advice and technical services. To help ensure that the industry is kept aware of technical developments advisory leaflets are issued, regular bulletins, Trout News and Shellfish News.

5.189 This work is underpinned by research (see Chapter 8). To enhance this and to improve technology transfer in the fish and shellfish farming sectors a LINK programme for aquaculture was introduced in 1995. During 1997 11 projects were approved, bringing the total number of projects approved under this Programme to 26.

Fishery Management and Enforcement

Programme Code: CE2:34

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	10,919	10,106	10,919
of which payments to agencies	770	770	770
EU Receipts	-612	-2,437	-612
Non EU Receipts	-463	–	-463
MAFF Administration Costs	3,610	3,610	4,101

5.190 The objectives of this Programme are the equitable management and full utilisation of the UK's quota, and effective enforcement.

5.191 All UK fishing vessels fishing for profit must be licensed by the Fisheries Departments. To help conserve stocks and to contain the size of the fleet, only replacement licences are issued. Quotas are allocated annually between producer organisations and other groups of fishermen, primarily on the basis of historic catches. National and EU Regulations are enforced by the Sea Fisheries Inspectorate assisted by the Royal Navy's Fishery Protection Squadron and aerial surveillance. The Inspectorate also collects essential information on fishing activity. In 1997 21 out of 71 quotas were fished to within 95 to 105% of allocation. The number of quotas overfished by more than 5% was 3. There were 52 prosecutions resulting from infringements that were committed in 1997 and earlier years. A total of 616 infringements were detected in 1997.

5.192 In 1997 EU measures for catch reporting in Western Waters and detailed rules for the introduction of satellite monitoring for larger vessels were agreed. Tenders were invited for the establishment of the UK's vessel tracking system which has to be operational by 1 July 1998. The contract for aerial surveillance was also re-tendered. Towards the end of the year fishermen were asked to comment on proposals for the introduction of fixed quota allocations from 1 January 1999. Measures for the ring fencing of the pelagic fleet were announced on 17 December 1997 along with plans for the recording of maximum continuous engine power on fishing vessel licences.

5.193 Effective fisheries management and enforcement remain essential to the future viability of the fishing industry. Key tasks for 1998 are expected to involve the implementation of fixed quota allocations, further measures to strengthen fisheries enforcement, and the introduction of new rules for ensuring that vessels fishing our quotas maintain real economic links with the United Kingdom.

Rural Economy

Programme Code: CE2:40

£'000		Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs		15,989	11,452	20,000
of which	*payments to agencies*	865	944	826
	payments to individuals	15,050	10,162	15,550
Territorial Scheme Costs		5,381	3,175	5,548
Total Scheme Cost		**21,370**	**14,627**	**25,548**
EU Receipts		-7,550	-5,128	-7,800
MAFF Administration Costs		983	983	991

In order to retain consistency with the Ministry's Supply Estimates, EU receipts in respect other Agriculture Departments' Scheme Costs are not included; these can be found in their respective Supply Estimates and Departmental Reports.

5.194 The objective of this Programme is to stimulate additional economic activity, particularly on farms, in rural areas.

5.195 Its main component consists of the Objective 5b programme. This is the rural economic development programme which operate in the six areas in England designated under the EU Structural Funds. The Guidance Section of the EAGGF provides around half of the public funds committed to the MAFF supported elements of these programmes. Projects submitted for support compete with each other for the funding available with only those which are best suited to meeting the aims and objectives of the programme, and which will provide good value for money, being selected for approval.

5.196 Total EU funding for the Objective 5b Programmes in England for the period 1994/1999 is approximately £376 million. Of this £56 million (matched by an equivalent amount of national funding) will be spent specifically on agriculture related projects. The programmes also call for private sector investment of over £43 million to be found for these projects over this period. To date over £44 million in both EU and Government funds has been committed to projects. Due, for the most part, to late approval of the Objective 5b programmes by the European Commission and unfamiliarity amongst potential beneficiaries with the application process, this is not as much as had been forecast. However, interest in and awareness of the programmes has increased and uptake is improving. Of the £44 million so far committed, £26 million was committed in the past year. The target for levering in private sector funds has already been exceeded by some £14 million.

5.197 The programmes provide for support for a variety of activities including business advice and consultancy, farm diversification, marketing (of local and regional produce for example), farming, tourism, environmental management, group activities (such as machinery rings) and the development of alternative crops . Assistance is provided to applicants on the strength of their own proposals for worthwhile projects which will bring about sustainable economic growth.

5.198 Linked to the Objective 5b programme is the LEADER II (Liaisons Entre Actions de Développement de l'Economie Rurale) EU Initiative. This operates in the Objective 1 and 5b areas and is designed to assist the development of small scale, innovative measures of benefit to local areas. Support under LEADER II is made through Local Development Groups on the basis of an approved business plan. Individual project applications are then submitted through the groups on the basis that they will achieve the aims of the local business plan.

5.199 The Programme also supports other rural socio-economic initiatives, such as Farmlink (which aims to increase public understanding of agriculture by establishing links between farms and schools) and measures aimed at alleviating stress in rural areas.

5.200 The key task for the future will be seeking satisfactory future EU arrangements for rural development support under the proposals expected to follow the European Commission's Agenda 2000 paper.

Objective 5b Areas

NORTHERN UPLANDS

1 MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
NORTHERN REGIONAL SERVICE CENTRE
EDEN BRIDGE HOUSE
LOWTHER STREET
CARLISLE
CUMBRIA CA3 8DX
TEL: 01228-23400
FAX: 01228-23400 EXT 468

1a NORTH EAST REGIONAL SERVICE CENTRE
GOVERNMENT BUILDINGS
CROSBY ROAD
NORTHALLERTON
NORTH YORKSHIRE DL6 1AD
TEL: 01609-773751
FAX: 01609-780179



EAST ANGLIA

2 MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
ANGLIA REGIONAL SERVICE CENTRE, BLOCK B
GOVERNMENT BUILDINGS
BROOKLANDS AVENUE
CAMBRIDGE CB2 2DR
TEL: 01223-462727
FAX: 01223-455652

LINCOLNSHIRE

3 MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
EAST MIDLANDS REGIONAL SERVICE CENTRE
BLOCK 7
GOVERNMENT BUILDINGS
CHALFONT DRIVE
NOTTINGHAM NG8 3SN
TEL: 0115-929-1191
FAX: 0115-929-4886

MIDLANDS UPLANDS

4 MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
EAST MIDLANDS REGIONAL SERVICE CENTRE
BLOCK 7
GOVERNMENT BUILDINGS
CHALFONT DRIVE
NOTTINGHAM NG8 3SN
TEL: 0115-929-1191
FAX: 0115-929-4886

THE MARCHES

5 MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
NORTH MERCIA REGIONAL SERVICE CENTRE
BERKLEY TOWERS
NANTWICH ROAD
CREWE CW2 6PT
TEL: 01270-69211
FAX: 01270-669494

THE SOUTH WEST

6 MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
SOUTH WEST REGIONAL SERVICE CENTRE
GOVERNMENT BUILDINGS
ALPHINGTON ROAD
EXETER
DEVON EX2 8NQ
TEL: 01392-77951
FAX: 01392-410936

Land Use and Tenure

Programme Code: CE 2:41

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	2,883	3,880	4,333
of which payments to agencies	2,790	3,820	4,272
MAFF Administration Costs	1,554	568	544
Receipts	-3	-3	–
Net Administration Costs	1,551	565	544

At 1 April 1997 the Land Use Planning Unit was incorporated into the FRCA resulting in a significant proportion of administration costs becoming scheme costs.

5.201 The main objectives of this Programme are:

- a) to ensure that the loss to development of the best and most versatile agricultural land is kept to a minimum,
- b) to ensure that the planning system takes account of agricultural interests, including diversification, and
- c) to provide a statutory framework governing the relationship between agricultural landlords and tenants.

5.202 In undertaking this work, MAFF obtains technical and professional support from the Farming and Rural Conservation Agency under a Memorandum of Understanding: the cost of this advice is shown in the scheme costs above.

Planning

5.203 MAFF advises the DETR, local planning authorities and others on the interaction of the planning process with agriculture in England. As a statutory consultee, MAFF has a key role in safeguarding the best and most versatile agricultural land as a national long-term resource. MAFF also seeks to ensure that the need for an efficient and flexible agricultural industry, including farm diversification, is recognised. Effort is focused on contributing to local development plans and other local strategic plans; and on considering planning applications of national significance to agriculture. MAFF dealt with 1,285 planning-related consultations in 1996-97.

5.204 MAFF is considering the revision of the technical guidelines and criteria for grading the quality of land under the Agricultural Land Classification (ALC) system. The revision (on which there was public consultation in 1996) will not fundamentally change the ALC methodology.

Tenancy Legislation

5.205 The Agricultural Tenancies Act 1995 applies to new farm business tenancies (FBTs) entered into on or after 1 September 1995. The Act, which provides a simplified legal framework, is intended to encourage landlords to let more land. The uptake of FBTs is being monitored through the Department's Annual Survey of Tenanted Land which commenced in October 1996. The results of the 1996 survey were published on 21 April 1997: in England 559 FBTs were recorded in the sample, representing over 11% of all types of agreement. Incorporating data from the June 1996 Census, the survey also showed that over 264,000 ha were let on FBTs, accounting for more than 7% of the agricultural rented area. Results of the 1997 survey will be published in the spring of 1998.

5.206 An independent detailed economic evaluation of the 1995 Act was carried out, within MAFF's rolling programme of policy evaluations, in 1997 by the University of Plymouth. The main objectives of the evaluation were to examine the initial impact of the 1995 Act, and to establish baselines for any subsequent evaluation. The researchers found that, overall, landowners and farmers appeared to be responding positively to the new legislation. Some of the main findings of the report, which was published on 19 January 1998, were:

- a) in England and Wales, about 5,000 FBTs were estimated to have been created in the first year of the Act;
- b) the length of term of many of the FBTs covered in the survey was relatively short, with about half being for two years or less. However, land previously let for periods of less than two years now often appeared to be let for longer terms; and
- c) no major constraints likely to limit the future uptake of FBTs were identified .

The researchers stressed that the evaluation was conducted very early in the life of the Act and that firm conclusions could not be drawn as to whether it will reverse the long-term decline in the tenanted sector.

Agricultural Land Tribunals

5.207 Agricultural Land Tribunals (ALTs) were established under the Agriculture Act 1947. In 1958 they were made 'courts' of first instance and they play an important role under the Agricultural Holdings Act 1986 (which applies mainly to tenancies entered into before 1 September 1995) in settling issues which cannot be resolved between agricultural landlords and tenants. They also have a role under the Land Drainage Act 1991 in settling drainage disputes between neighbours. There are seven ALTs in England – MAFF regional staff provide the secretarial support. ALT running costs are met by MAFF. In 1996/97 ALTs received 268 applications; the number of cases going to the ALT for formal resolution was 59, reflecting the fact that the majority of disputes are settled by the parties themselves before a case reaches a hearing.

Royal Botanic Gardens, Kew

Programme Code: CE2:42

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	20,951	20,951	17,151
MAFF Administration Costs	65	65	65

5.208 The objective of this Programme is to support the Royal Botanic Gardens, Kew (RBG), an executive NDPB sponsored by MAFF and operating under a Board of Trustees, established by the National Heritage Act 1983.

5.209 The RBG's mission statement is: 'to enable better management of the Earth's environment by increasing knowledge and understanding of the plant and fungal kingdoms – the basis of life on Earth'. RBG has an unsurpassed international reputation for the quality of its scientific research and for its living and preserved plant collections. Its gardens at Kew and Wakehurst Place are enjoyed by well over a million visitors a year. RBG's corporate objectives are achieved through 6 primary and 2 supporting programmes: collections, research and dissemination, conservation, visitor attraction, education and information, heritage support, institutional and management services, and income generation.

5.210 MAFF scheme costs represent Government grant-in-aid currently covering about 70% of the RBG's expenditure (the remainder is received from gate receipts, sales, services and donations).

5.211 Non-grant income now amounts to some £8 million per annum. This reflects the RBG's success in obtaining private funding and other external support for its activities, including for example funding for the restoration of No. 1 Museum, due to reopen in the summer of 1998. The RBG continues to explore the scope for suitable private funding as well as ventures within the context of the Private Finance Initiative.

5.212 Preparations for the Millennium Seed Bank at Wakehurst Place are now well under way. The aim of the project is to collect, research and conserve seeds from all the UK's flora by the year 2000 and at least 10% (approximately 25,000 species) of the world's flowering plants, principally from arid lands, by the year 2010. Funding of almost £30m from the Millennium Commission has been supplemented by a public appeal and several major donations, including over £9 million from the Wellcome Trust and £2.5 million from Orange plc.

5.213 RBG is in the process of implementing the recommendations of a Scientific Visiting Group and a MAFF review of the senior management structure. It is also preparing a Citizen's Charter document and a longer term strategy, known as Kew 2020.

Science Policy

Programme Code CE2:43

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	2,486	2,392	10,524
MAFF Administration Costs	1,555	1,555	1,606

5.214 The principal objectives of this Programme are:

- a) to provide scientific advice to Ministers and policy groups,
- b) to manage the contractual arrangements for research to achieve value for money,
- c) to develop MAFF's research strategy and ensure the balance, scope and quality of the research programme,
- d) to ensure uptake of results by policy makers, industry and other end users.

5.215 MAFF also promotes links with international research; in particular it negotiates on the EU Framework Programmes to promote a European research programme complementary to that undertaken by MAFF.

5.216 MAFF funds research to provide support for Government policy. Information on all research, including that funded under this Programme, is provided in Chapter 8. At any time MAFF is managing about 2,000 research projects with over 100 contractors. In 1996-97 637 projects came to an end. Of these, 631 amounting to 99% of total expenditure achieved their intended goals both on time and at expected cost.

Postgraduate Agricultural and Food Studentship Scheme

5.217 MAFF continues to support the research of some 70 new postgraduate students each year at an annual cost of about £1.7 million. The scheme funds university research relevant to the Department's overall aims and research strategy and thereby furthers the education of future agriculturalists, agricultural economists and food scientists.

Horticulture Research International (HRI)

5.218 HRI is an executive NDPB sponsored by MAFF. It operates to a Management Statement and as a charity and company limited by guarantee. Its objectives are to carry out research and development and to transfer the results to the UK horticulture industry and wider user community. Its main customers are MAFF, the BBSRC, the horticulture industry and the EU. A new Board of Directors of HRI was appointed by the Minister and the President of the Board of Trade in July 1997 and the body was subject to a Scientific Visiting Group in June 1997. Following a Prior Options review, MAFF and HRI management are working closely to resolve outstanding operational and staffing matters and to develop the body's science strategy and business plan, on which HRI will report to Ministers within the financial year.

By taking action against animal and plant diseases and pests

Animal Disease Control

Programme Code: CE3:01

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	18,889	20,198	24,919
of which payments to agencies	12,967	12,347	18,854
payments to individuals	–	72	–
Non EU Receipts	-1,110	-1,107	-1,295
MAFF Administration Costs	15,137	15,137	14,352
Receipts	-838	-838	-553
Net Administration	14,299	14,299	13,799

This Programme now includes Programme CE3:03 Livestock Protection. Rabies and Anthrax have been removed from CE3:01 and are now part of Programme PP2:01 on Zoonoses.
The 1997-98 Planned 'payments to agencies' figure includes a payment to ADAS. However, as a result of the privatisation of ADAS on 1 April 1997, the only element of that payment to appear in the 'payments to agencies' figures for 1997-98 Estimated Outturn and 1998-99 Plans is that made to FRCA (if any) which was established to provide the services which could not be placed in the private sector.

5.219 The main objectives of this revised Programme are:

- a) to prevent the introduction and spread of animal disease,
- b) to control and/or eradicate all notifiable diseases, and
- c) to facilitate the export of breeding animals and animal products

5.220 The State Veterinary Service (SVS) and the Veterinary Laboratories Agency (VLA) carry out surveillance for new and exotic diseases, investigate suspect cases of notifiable disease, oversee disease control arrangements at infected premises, trace animal and other movements from infected premises and implement necessary control measures. SVS carry out regular inspections at all animal by-product and waste food premises which are subject to statutory controls. The operators of rendering and waste food (swill) plants have to be licensed by MAFF.

5.221 Imported animals and genetic material are checked to guard against the importation of disease. There is regulatory control of artificial insemination (AI) and embryo transfer in farm livestock in Great Britain.

Table 5.5: Number of outbreaks in Great Britain of the primary notifiable animal diseases covered by Programme CE3:01

Year	1991	1992	1993	1994	1995	1996	1997*
Aujeszky's Disease	0	0	0	0	0	0	0
Avian Influenza	0	1	0	0	0	0	0
Contagious Equine Metritis	0	0	0	0	0	14	2
Enzootic Bovine Leukosis (EBL)	2	2	25	9	7	6	0
Equine Viral Arteritis	–	–	–	0	0	1	3
Foot and Mouth Disease	0	0	0	0	0	0	0
Newcastle Disease	0	0	0	0	0	1	11
Paramyxovirus in pigeons	96	157	125	36	17	22	17
Viral Haemorrhagic Disease (in rabbits)	0	2	10	200	512	269	(i)
Warble fly	0	0	39	3	0	0	0

* Provisional figures
(i) ceased to be a notifiable disease from 21 October 1996

5.222 The cases of Newcastle disease occurred between January and April 1997. This was the most significant outbreak of the disease in Great Britain for a decade. Strict movement controls were introduced on all birds and eggs within, and into and out of Protection Zones established around each of the infected premises. Some 440,000 poultry were compulsorily slaughtered on infected premises and some £3.5 million has been paid in compensation to producers for slaughtered birds or seized poultrymeat. A large number of export health certificates for poultry and other birds had to be renegotiated. This was generally successful and enabled trade to continue with minimum disruption.

5.223 On 1 April 1997 the frequency of milk testing for EBL was reduced from 3 monthly to 4 monthly.

5.224 The outbreak of Contagious Equine Metritis which started in 1996 was controlled with industry assistance through adherence to their Code of Practice.

5.225 A new Sheep Scab Order was introduced on 1 August 1997 to help control the increased incidence of this highly infectious disease in the national flock. The new rules will be enforced by local authorities with veterinary diagnosis being provided by the Veterinary Laboratories Agency.

5.226 As in previous years, no major problems have been found during veterinary checks on imported consignments of live animals and genetic material. Following outbreaks of classical swine fever in the Netherlands, Germany, Italy, Spain and Belgium, quick and effective implementation of EU disease control measures has prevented the spread of the disease to Great Britain.

5.227 MAFF continues to operate the Poultry and Deer Health Schemes and the EBL category of the Cattle Health Scheme. Following the winding up of MAFF's Pig Assurance Scheme (part of the Pig Health Scheme), the Breeding Category of the Pig Health Scheme has also been wound up. However, The State Veterinary Service do support the privately operated Farm Assured British Pigs. Members' premises are inspected under a contractual arrangement with the scheme.

5.228 A consultation document was published on 13 October 1997 inviting views on changes to arrangements for the identification of sheep and goats.

Future Plans

5.229 Following a MAFF review of animal waste legislation in Great Britain there has been a consultation with interested organisations on proposed changes. Following further consultation a new Animal By-Products Order is due to come into force in 1998.

5.230 New Regulations to simplify and update AI controls for cattle and pigs have been drafted, taking on board a full review of semen supply controls carried out in 1997. The Regulations are expected to be implemented in the spring of 1998.

Plant Health

Programme Code CE3:02

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	3,023	3,070	3,023
of which payments to agencies	2,887	2,684	2,649
MAFF Administration Costs	4,548	4,271	4,315
Receipts	-623	-623	-573
Net Administration	3,925	3,648	3,742

The 1997-98 Planned 'payments to agencies' figure includes a payment to ADAS. However, as a result of the privatisation of ADAS on 1 April 1997, the only element of that payment to appear in the 'payments to agencies' figures for 1997-98 Estimated Outturn and 1998-99 Plans is that made to FRCA (if any) which was established to provide the services which could not be placed in the private sector.

5.231 The objective of this Programme is to safeguard and improve the health and quality of commercially produced plants and plant products.

5.232 MAFF applies statutory controls in England and Wales to implement the EU plant health regime including action against quarantine pests and diseases, registration of producers and monitoring of plant material in trade. It also provides non-statutory services including certification of exports to third countries.

5.233 MAFF continued to monitor new measures introduced on 1 November 1996 for inspection of grain for phytosanitary export certification purposes. These arrangements operated successfully with substantial savings to industry.

5.234 The annual Rhizomania survey on sugar beet revealed a further 10 new farms infected with the virus, bringing the total of farms on which the disease has been found to 87. For the first time a farm outside Norfolk and Suffolk was found to be infected. There were no findings of Potato Brown Rot in UK potato crops, but the pathogen which causes this disease was found in tomato crops at one locality in eastern England. Extensive monitoring of imported potatoes continued, resulting in the rejection of some consignments of potatoes from Egypt because of the presence of Brown Rot. Following previous extensive outbreaks of the disease in the Netherlands, all stocks of Dutch seed potatoes for planting in the UK in 1997 were tested, but none was found to be infected. There was a rise in the number of interceptions of Tobacco Whitefly, reflecting an increase in the spread of this pest in other countries. Further findings were made of Gypsy Moth at the previous outbreak site in South Woodford, Essex. Eradication action was taken but further monitoring will be needed in 1998. A review of policy on Liriomyza (leaf miner)species, carried out in conjunction with industry, concluded that action should continue to be taken against these pests.

Table 5.6: Number of outbreaks of key pests and diseases in England and Wales

	1991	1992	1993	1994	1995	1996	1997
Rhizomania	0	13	7	15	11	25	10
Tobacco Whitefly	64	43	36	58	5	3	16
South American leaf miner	109	43	30	54	75	77	53
Colorado Beetle	0	0	0	0	0	0	0
Potato Brown Rot	0	1	0	0	0	1	1

5.235 Where necessary, MAFF's Plant Health and Seeds Inspectors can issue statutory notices requiring specific action by the person in charge of a plant product; this action can include destruction, re-export or treatment. The increase in the number of notices issued in 1995 and 1996 is largely the result of action in relation to consignments of Dutch seed potatoes held awaiting results of brown rot tests.

Table 5.7: Issue of statutory notices by Plant Health and Seeds Inspectorate

Year	1992	1993	1994	1995	1996	1997
Number	781	728	1,023	2,257	4,171	1,613

5.236 Future activities are expected to be linked largely to developments in the EU regime and wider international standards on plant health. A key task for 1998 will be continued negotiation of cost-effective EU inspection arrangements, following the submission of Commission proposals on controls on imports from third countries including a harmonised charging system. Progress will also be sought in simplification of the EU legislation on marketing of ornamental plants under the SLIM initiative.

Summary economic performance indicators for the agriculture, fishing and food industries

Output, Income and Productivity of Agriculture (1995=100)

Year	Average 1986-88	1992	1993	1994	1995	1996	1997
Gross Output *at constant (1995) prices*	95.8	101.3	99.0	100.3	100.0	99.9	100.5
Gross Product *(Gross Output less Gross Input, at constant (1995) prices)*	92.1	108.5	101.5	101.1	100.0	101.1	103.2
Incomes from Agriculture *(Eurostat Income Indicator 3 (1994-96=100))*	56.8	70.3	89.4	89.9	107.2	102.8	66.3
Productivity *Gross output per unit of input (inc. fixed capital and labour) (1995=100)*	94.0	106.2	103.2	102.0	100.0	100.9	103.0

Eurostat indicator 3, which measures the income to those with an entrepreneurial interest in the agriculture industry (farmers, partners, directors, their spouses and family workers) adjusted for inflation, shows a fall of 37 per cent in 1997. Despite this, productivity, measured in terms of the volume of gross output per unit of all inputs, rose by 1.9 per cent. The volume of output was 0.5 per cent higher but the volume of inputs used was 1.4 per cent lower. It should be noted that cattle destroyed under the Over Thirty Month Scheme, and calves removed from the food chain under the Calf Processing Aid Scheme, do not contribute to the volume of output.

Output, Employment and Productivity in Food and Drink Manufacturing (1995=100)

Year	Average 1986-88	1992	1993	1994	1995	1996
Output *(Index of Production)*	90.5	95.2	96.0	98.1	100.0	101.0
Employment *(Full-time equivalent)*	114.4	105.3	103.1	100.4	100.0	99.7
Labour Productivity *(Output per full-time equivalent worker)*	79.1	90.4	93.1	97.7	100.0	101.3

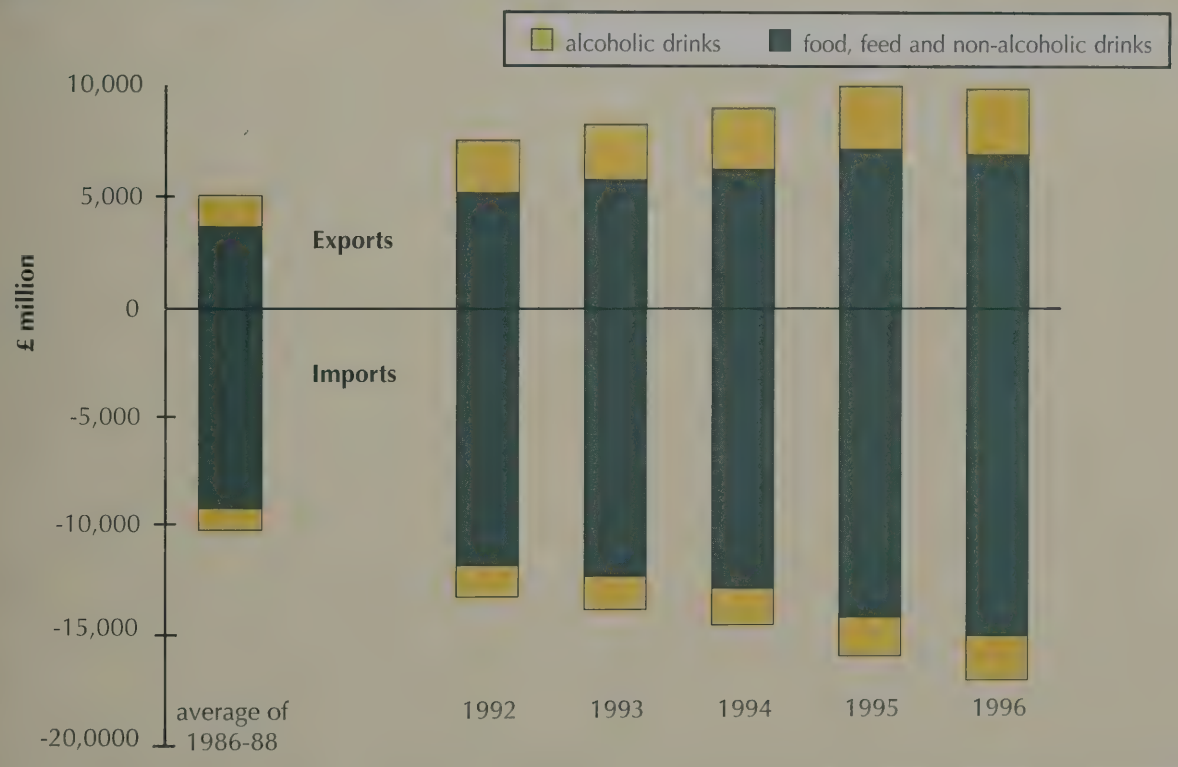
The volume of output of food and drink manufacturing (measured at 1995 prices) increased by 1.0 per cent between 1995 and 1996, following an increase of 1.9 per cent the previous year. Employment in the sector has continued to decline although the rate of decline has slowed in the last two years. Labour productivity increased by 1.3 per cent in 1996, a much lower rate of growth than in recent years.

Retail Food Prices (1995=100)

Year	Average 1986-88	1992	1993	1994	1995	1996	1997
All Items	68.5	92.9	94.4	96.6	100.0	102.4	105.6
Food	73.9	93.6	95.3	96.3	100.0	103.2	103.4
Real Food Prices in Real Terms (i.e. relative to All Items RPI)	107.8	100.8	101.0	99.6	100.0	100.8	97.0

Retail food prices rose by only 0.1 per cent between 1996 and 1997, the first time the increase between successive annual averages has been under 1 per cent since 1960. The all items Retail Prices Index increased by 3.1 per cent. Over the period since 1986-88, food prices have shown a marked decline relative to retail prices in general, falling by 9.3 per cent over the decade to 1997.

Figure 7: UK overseas trade in food, feed and drink



Increases in exports of cereals and alcoholic drinks in 1996 were offset by a substantial fall in exports of meat as a result of the ban on beef exports. Whisky exports accounted for £2.3 billion of the alcoholic drinks total of £3.0 billion. Imports increased by 7 per cent with fruit and vegetables accounting for 24 per cent of total imports.

Over the period since 1986-1988, exports increased by 96 per cent while there was a 69 per cent increase in imports.

UK Fishing Employment

Year	1994	1995	1996
Total number of fishermen in the entire UK fleet	20,700	19,900	19,050

By encouraging high welfare standards

Farm Animal Welfare

Programme Code: AW1:01

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	697	833	697
of which payments to agencies	599	109	109
MAFF Administration Costs	4,085	4,085	3,882

The 1997-98 Planned "payments to agencies" figure includes a payment to ADAS. However, as a result of the privatisation of ADAS on 1 April 1997, the only element of that payment to appear in the "payments to agencies" figures for 1997-98 Estimated Outturn and 1998-99 Plans is that made to FRCA (if any) which was established to provide the services which could not be placed in the private sector.

6.1 The objective of this Programme is the encouragement of high welfare standards on farms, during transport, at markets and in abattoirs.

6.2 Public interest continued at a high level in 1997. 100 parliamentary questions were answered, together with around 4200 letters.

6.3 MAFF continues to base its policy on advice from the independent Farm Animal Welfare Council (FAWC), underpinned by research. The primary objective is to advance standards of farm animal welfare at the EU level. The Council of Europe has continued to be an important forum for international discussion on the welfare of livestock on farm and in transit.

Welfare in Transit and at Market

6.4 The main Departmental activity was the introduction of new national legislation to implement the Directive on the welfare of animals in transit adopted in 1995. The Welfare of Animals (Transport) Order 1997 came into force on 1 July. The Order repeals and consolidates 15 pieces of legislation, lays down maximum journey and rest times for different species, requires transporters to use staff competent in the handling of animals and introduces a requirement for transporters to have authorisations which may be suspended or revoked. The provisions of the Order will be reviewed after 12 months. We now need to press other Member States to meet their responsibility to enforce the new rules.

6.5 On 25 June 1997, standards for the construction and operation of staging points were agreed in Brussels. In 1998, the Ministry will continue to press for further progress at the EU level, for example on the setting of standards for vehicles. We shall also continue to contribute to the Council of Europe's work on the consolidation and updating of the European Convention for the Protection of Animals during International Transport.

6.6 MAFF conducted discussions with the veterinary professional bodies in order to settle detailed arrangements for new pre-export procedures for live food animals, as announced by the Parliamentary Secretary, Mr Morley, on 27 September. The changes will bring transparency to the system, and will involve the Department paying the Local Veterinary Inspector for his certification work and recovering the money from the exporter, as well as retaining the right to nominate the Inspector for a particular job.

6.7 A strategy to improve animal welfare in livestock markets was developed in consultation with interested parties. This focuses on making sure that market operators apply the current welfare rules and Codes of Practice more strictly, on providing training for market staff and on improving communication between market users, enforcement agencies, market operators and welfare bodies.

Welfare on Farms

6.8 EU legislation was adopted on 20 January 1997 confirming the political decision in December 1996 to phase out the use of close confinement veal crates across Europe by 2006. Improved EU requirements on diet and other aspects of calf welfare were also adopted. Consultation on draft Regulations to implement those of the new requirements which are not already in GB law took place in the latter part of the year: the Regulations are expected to come into effect in 1998.

6.9 The Government secured agreement at the Amsterdam Inter-Governmental Conference in June 1997 to a proposal that a Protocol be added to the Treaty of Rome recognising that animals are sentient beings and placing a legally binding obligation on EU institutions to pay full regard to animal welfare in matters relating to agriculture, transport, research and the single market.

6.10 The Commission continued to promise proposals to revise the Directive on the welfare of laying hens in battery cages in the light of the Scientific Veterinary Committee's report of 30 October 1996. On pigs, the Commission released the Scientific Veterinary Committee's review of the science on 30 September 1997 and should now produce proposals to revise the existing Directive.

6.11 The Council of Europe continued to take forward the development of European standards for farm animal welfare. A new recommendation on ratites (ostrich, emu, rhea) was adopted and revision of the 1991 recommendation on animals farmed for fur is now almost complete. Work has been started on new recommendations on turkeys and farmed fish.

6.12 The Department continued to work on the preparation of new and updated welfare codes. Subject to Parliamentary approval, an updated sheep code is expected to come into effect in 1998. Drafting of a new code on ostriches, and of a revised one on broilers, was in progress.

6.13 The State Veterinary Service (SVS) monitors compliance with legal requirements. During 1997 it carried out 4344 inspections on farms to check welfare standards; most were found to be satisfactory but investigations with a view to possible prosecution were initiated in 112 cases where major contraventions were found. The Ministry also provides veterinary and technical advice to farmers on animal welfare by funding individual visits and ADAS seminars.

6.14 The FAWC published advice on the welfare of laying hens on 24 July 1997, and on dairy cattle on 1 December 1997 and is expected to finalise advice on the welfare aspects of cloning and on broiler breeders during 1998. The Government response to the FAWC report on outdoor pigs was issued on 22 August 1997.

Welfare at Slaughter

6.15 There were preliminary consultations and discussions of draft Commission proposals to amend and extend EU rules on the protection of animals at the time of slaughter or killing (Directive 93/119). The proposals envisaged important new requirements, including the severing of both carotid arteries in stunned animals, and the setting of minimum currents and gas concentrations for the stunning of animals. MAFF will continue to press for progress on this.

6.16 The SVS monitors welfare during slaughter or killing in the course of visits to knacker's yards, hatcheries and small or seasonal poultry producers and the Meat Hygiene Service (MHS) supervises compliance with welfare legislation in licensed red meat and poultry slaughterhouses. The standards of animal welfare were assessed as satisfactory, or better, in the majority of premises. Where problems are found action is taken to put them right and, if appropriate, prosecution action is taken. Investigations with a view to possible prosecution were initiated in 12 cases under the Welfare of Animal (Welfare or Killing) Regulations 1995.

6.17 During November 1997 Official Veterinary Surgeons of the MHS carried out the second biennial survey of welfare in all licensed red meat and poultry slaughterhouses. A report on the survey will be published in 1998.

By providing specialist support services

Audit

Programme Code: IR1:01

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Administration Costs	1,561	1,561	1,561

7.1 The objective of this Programme is to provide assurance to MAFF's Accounting Officer that management controls are adequate and effective. In addition, an internal audit service is provided to each Agency Accounting Officer under inter-charging arrangements according to the terms laid down in their Framework Document.

7.2 The programme of audits is carried out on a four and a half year cycle to professional standards laid down in the Government Internal Audit Manual. In addition to providing an assurance to the Accounting Officer, individual audits provide a service to line managers by highlighting weak or ineffective controls or where value for money can be improved. Staff of the internal audit unit also undertake ad hoc financial investigations, including financial management reviews of NDPBs, consultancy assignments and the provision of advice to managers on internal controls for new systems and procedures.

7.3 Performance is measured:

- (a) quantitatively: this includes meeting a target time of 6 weeks for the issue of reports (7 weeks in 1997/98), the achievement of the audit plan (73% in 1997/98) and the percentage of recommendations accepted (target 75%, 94% achieved in 1997/98).
- (b) qualitatively: where management satisfaction questionnaires are sent to all auditees, in 1997/98 a rating of 80% was achieved against a 60% target. In addition the unit takes part in an interdepartmental quality review project and is a member of a benchmarking group.

7.4 During 1997/98 the internal audit unit continued its programme of audits with particular emphasis on work connected with MAFF's accreditation as a paying agency under Commission Regulation 1663/95. It also carried out reviews of MAFF's financial systems, investigations into vessel licensing and a number of special audits requested by managers. An Audit Protocol was signed with the European Commission DGXX Financial Controller concerning audit arrangements affecting payments from the Structural Fund. The Annual Report to the Accounting Officer concluded that the Department's system of financial control was adequate.

7.5 An interim update of the Audit Needs Assessment and Long Term Plan was concluded. A new audit interrogations strategy has been implemented. The new MAFF Audit Procedures Manual has been issued. An external quality review of the unit is currently under way.

Press and Information Services

Programme Code IR1:02

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	6,467	5,643	5,017
of which BSE related	2,000	2,000	700
paid publicity	4,467	3,643	4,266
MAFF Administration Costs	3,807	4,177	3,835
Receipts	-8	-8	-8
Net Administration	3,799	4,169	3,827

7.6 The objective of this Programme is to communicate effectively information on MAFF's policies, services and activities, and the work of its Ministers to the media, the industries for which MAFF is responsible, and the public in general.

7.7 This is carried out by the Press Office with the media, Publicity Branch through the use of paid publicity, the work of the MAFF Helpline and the activities of the MAFF Library and Translation services.

7.8 The MAFF Press Office operates with three teams, whose responsibilities are:

a) Food safety; food standards; meat hygiene; animal health (including BSE); rabies; pesticide safety; veterinary medicines; plant health and research.

b) Animal welfare; fisheries; countryside matters; forestry and flood defence.

c) Agricultural policy in the UK (including the operation of the European Union's Common Agricultural Policy); production and trade in agricultural commodities; external trade policy; the food and drinks industries; marketing, competition issues; export promotion and departmental headquarters and regional administration.

7.9 The intense and sustained media interest in BSE, the European Union's ban on UK beef exports (and the effect this was having on UK/EU relations in general) continued into and through 1997. It was, however, absorbed into the coverage of the General Election campaign and, after May 1 1997, remained a major policy issue facing the new Government. Standards of meat hygiene became a subject of intense media interest after the late 1996 outbreaks of E-coli which resulted in deaths. This, again, continued up to and beyond May 1. Other UK policy issues such as rabies and quarantine, possible reforms of the Common Agricultural Policy, world trade issues such as the effects on various West Indian countries of the EU banana regime, and food safety standards in general continued to attract substantial media coverage.

7.10 Following the announcement of a possible link between BSE and CJD in March 1996, and throughout the following summer and autumn, BSE was a major focus of publicity activity. Particularly, there was a regular need to communicate to cattle farmers, quickly and efficiently, on a wide range of BSE-related issues. This was achieved through a series of direct mailings, supported by trade press advertising, provision of a recorded telephone information service, and a major national agricultural show exhibition programme.

7.11 The paid publicity programme continued to provide food hygiene and healthy eating advice for consumers and to promote British speciality foods, emphasised this year by high profile stands at major consumer shows. The public were invited to participate on stage in cookery demonstrations and British food quizzes hosted by celebrity chefs and food experts. At the International Food Exhibition, held in February 1997 at Earls Court, additional support was provided to the British Speciality Food Area by upgrading the overall design scheme. The area was widely regarded as the highlight of the show.

7.12 The Publicity Branch continued to promote the broad range of environmental responsibilities, in particular the Countryside Stewardship Scheme and the 'Countryside Walks' provided for under this and other schemes. Advisory information was made available to farmers and growers on responsible pesticide use and preventing agricultural pollution via publications and exhibition stands at agricultural shows, and a new campaign to protect the native crayfish targeted restaurants, hotels and fish markets. A new identity and publicity material were produced for the Farming and Rural Conservation Agency.

7.13 The MAFF Helpline handled more than 65,000 calls during 1997/98. Much of the extra volume can be attributed to the strong and continuing interest in BSE, although other food safety issues, animal welfare and quarantine law reform stimulated much public interest. The Helpline also dealt with over 3,000 letters and faxes, and email traffic grew significantly, with over 800 enquiries arriving by this route.

7.14 MAFF's World Wide Web site, *http://www.maff.gov.uk*, was introduced in October 1996, following experience in publishing information on the Internet via the Central Computer and Telecommunications Agency's Government Information Service. The new service provided more flexibility in providing time-critical information and an opportunity to improve the range and depth of information. The contents are growing steadily to cover specific information contained in news releases, together with general data about MAFF and more detailed information on farming, fisheries, food, animal health, the environment and statistics. Among the fresh sources of information available is the full text of the *1997 Departmental Report*. By March 1998, there had been over 100,000 accesses to the pages on the MAFF Web site.

MAFF Helpline: Telephone 0645 33 55 77
(a local call rate number)

Legal Services

Programme Code: IR1: 03

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Administration Costs	5,682	5,682	5,834
Receipts	-794	-794	-500
Net Administration	4,888	4,888	5,334

7.15 The Ministry's Legal Department provides legal advisory, litigation, prosecution and investigation services to MAFF, its agencies and the Forestry Commission.

7.16 On 1st April 1997 the legal unit at the IB ceased to be part of the Ministry's Legal Department and became an independent unit within the Government Legal Service. On 1st September 1997 a new temporary Division was formed within A Group to provide legal input with respect to the establishment of the proposed Food Standards Agency. Following a report by the Information Technology Directorate on the IT requirements of Legal Department, a project has been launched to implement an integrated case management and time recording system to replace the disparate systems currently in use. The projected completion date for the project is April 1999.

7.17 The Ministry's Legal Department carries out an annual Client Satisfaction Survey in which it asks the officials with whom it deals on advisory and drafting work to assess legal performance on a scale of 1 (best) to 5 (worst) on the basis of factors such as clarity of advice, speed of response and constructiveness. At the end of 1997, questionnaires were sent to 246 client branches of which 69% were returned. Of those returned 93% rated legal services overall as '3' or better; 62% rated legal services overall as '2' or better thus significantly exceeding the 55% target set for 1997. For 1998 the Legal Department aims to increase the overall rating of '3' or better to 95% of returns while maintaining the rating of '2' or better achieved this year.

Legislation

7.18 Concerns about BSE and meat hygiene generally continued to generate a substantial demand for legal advice and drafting of statutory instruments. Other major projects this year were the implementation of Council Directive 95/29 on the welfare of animals in transport, as well as the implementation of EU legislation on cattle identification and traceability.

Investigation, Prosecution and Civil Litigation

7.19 The number of investigations and prosecutions connected with BSE enforcement and meat hygiene generally has increased significantly. Action against meat related fraud has also increased involving close co-operation with the Commission, especially UCLAF (the European Anti-Fraud Unit, "Unit Coordination de la Lutte Anti-Fraude"). By 31 December 1997, 23 defendants had been prosecuted in connection with meat and meat hygiene related matters and 30 cases were under investigation.
The Investigation and Prosecution branches continue to cover a wide variety of other cases, including those related to the Common Fisheries Policy. New topics include the legislation relating to the heads of sheep and goats and prosecutions for the continued sale of uneviscerated poultry. Two successful prosecutions have been completed where enquiries had been prompted by investigative television.
Overall in the year up to 31 December 1997, 207 defendants had been successfully prosecuted and there were 77 investigations pending.

7.20 As to civil litigation, in 1997 seventeen new judicial reviews were commenced in which the Ministry was a party. These were:

- a) four challenges by a large manufacturer of pesticides to the administrative practice followed by the Pesticides Safety Directorate when granting approval for the marketing of products similar to its own, previously approved, products;
- b) a challenge to the Government's decision, in relation to a slaughterhouse in Northern Ireland, that the local authority, rather than the slaughterers themselves, was the "operator" for the purpose of receiving aid under the Slaughtering Industry (Emergency Aid) Scheme 1996, a measure adopted to alleviate the effects of the BSE crisis;
- c) a challenge to the Government's refusal to grant, as part of the support measures introduced in response to the BSE crisis, aid to veal producers;
- d) a challenge by a district council to MAFF's refusal to grant a licence to translocate badgers to another site;
- e) challenges (eight in all) to the Government's administration, under the EU Integrated Administration and Control System, of the arable area payments (including payments for set-aside areas) and livestock headage payments available to farmers under the CAP;
- f) two challenges to the Government's administration of the EU rules establishing livestock quotas for the headage payments for sheep and suckler cows.

Fourteen judicial reviews were completed in the course of the year.

7.21 Ongoing judicial reviews include challenges in relation to:

- a) the assignment of arable area payments;
- b) the importation of citrus fruit from the north of Cyprus via Turkey where the Divisional Court and Court of Appeal have refused to grant an injunction to prohibit the import of citrus fruit from the Turkish Republic of Northern Cyprus via Turkey: In February 1998 the House of Lords decided to refer the issue to the European Court of Justice;

- c) the Government's interpretation of the provisions of Council Directive 91/676 concerning the protection of waters against pollution caused by nitrates from agricultural sources which relate to the identification of waters which are or may be polluted (this case has now been referred to the ECJ – see paragraph **7.27**).

7.22 The Ministry has also been actively engaged in assisting the Treasury Solicitor's Department with the ongoing Factortame litigation which involves claims by Anglo-Spanish fishermen for damages arising from the effects of the provisions of the Merchant Shipping Act 1988 which were declared unlawful by the ECJ. The High Court has ruled that the UK is required to compensate the fishermen for provable losses. An appeal against this decision was heard in March 1998.

7.23 A number of Anglo-Spanish fishing companies have also separately issued a writ against MAFF claiming 'Factortame' damages in respect of their quota allocations for the period after the Merchant Shipping Act provisions were struck down.

7.24 Other recent cases have included a claim by fishermen seeking damages for loss of fishing opportunities as a result of the Government's alleged mis-management of the UK's EU fishing quotas. This case is at an early stage and should come to trial late in 1998.

Litigation in the European Court of Justice

7.25 In 1997 MAFF lawyers were engaged in the conduct of 17 cases before the ECJ and the Court of First Instance of the European Communities in Luxembourg and one case before the European Commission of Human Rights in Strasbourg, participating in nine written procedures and eight hearings. These included the hearing of the challenges by the United Kingdom Government and the National Farmers' Union to the ban on exports from the UK of beef and bovine products, which was imposed in March 1996 by the EU Commission, following the emergence of a possible link between BSE and a new variant of Creutzfeldt-Jakob Disease. On 30 September the Advocate General of the ECJ proposed that the Court dismiss these challenges and uphold the validity of the export ban. The Court's Judgement is expected in 1998.

7.26 The BSE crisis gave rise to two other cases this year. In the first, the ECJ has been asked whether the EU rules on export refunds (export subsidies) permit exporters of beef to retain refunds paid to them in advance, where export was prevented by the Commission's export ban. In the second, the European Commission of Human Rights is considering whether, given their effect on the cattle head de-boning industry, the food safety measures taken by MAFF in response to the crisis have violated the industry's right to peaceful enjoyment of their possessions, guaranteed by Article 1 of Protocol 1 of the European Convention on Human Rights.

7.27 There were four significant new cases:

- a) a reference to the ECJ on whether the UK has correctly implemented the provisions of Council Directive 91/676 concerning the protection of waters against pollution caused by nitrates from agricultural sources;
- b) another reference, concerning the extent to which EU Member States are free to impose language requirements for the labelling of products, and whether such requirements are "technical regulations" which must be notified under Council Directive 83/189. The Government's interest here is in the labelling of foodstuffs, which is governed by the Food Labelling Directive, 79/112;
- c) two challenges to the Commission's interpretation and application of the rules governing imports, within the "Hilton Beef" preferential tariff quota, of beef from Argentina in 1992.

7.28 Six other important cases, commenced last year, progressed to a Hearing. These concerned:

- a) whether the Treaty of Rome's rules on the free movement of goods prohibit restrictions on the export from the UK of calves destined to be raised in veal crates in other Member States;
- b) the operation, in relation to fishing quotas for cod and whiting in the Irish Sea, of the special arrangement (known as "the Hague Preference") intended to protect the fishing communities of Northern Ireland (and other northern parts of the UK);
- c) the compatibility with EU law of the UK's arrangements for authorising parallel imports of pesticides from other Member States and non-Member countries;
- d) the information Member States may require under EU law from manufacturers of veterinary medicines about their starting materials, as a condition of authorising the sale of the finished products;
- e) whether MAFF had correctly implemented the penalties laid down at EU level in denying all arable area payments and all beef premiums to farmers who had overdeclared, respectively, their set-aside and forage areas by more than 20% when applying for grants under the CAP;
- f) whether EU rules require products sold as "natural mineral waters" to have properties favourable to health.

7.29 In 1997 five major cases involving MAFF were brought to a conclusion by the delivery of judgement by the Court of Justice:-

- a) the case concerning EU penalties (see paragraph 7.28 e)), in which the Court held that the Government had correctly implemented the relevant penalties, but could reduce the penalty for overdeclaring set-aside areas because of a subsequent amendment to the relevant EU rules;
- b) the case concerning "natural mineral waters", in which the Court found that the products sold under that description need not have properties favourable to health;
- c) a case concerning meat hygiene inspections, in which the Court declared legal the requirements in the EU meat hygiene Directives that inspections be carried out by veterinary surgeons, rather than meat inspectors, and that inspection costs be paid by the slaughterhouses;

- d) a case on the EU banana regime, in which the Court ruled that the Commission had power, under the common organisation of the market in bananas, to compensate certain producers and traders affected by natural disasters by granting them licences to import bananas from Central and South America ("dollar" bananas);
- e) infraction proceedings against France for failure to take appropriate action to prevent disruption of imports of agricultural produce from other Member States by militant farmers. The Court here found that France had breached its Treaty obligations by failing to take all necessary and appropriate measures to ensure that the free movement of goods was respected on its territory.

Table 7.1: Performance Indicators for legal services

	1995-96	1996-97	Estimated Outturn 1997-98
Number of Bills	0	1	3
% deadlines met	n/a	n/a	n/a
Number of SIs	115	183	180
% deadlines met	92.5	90	90

Economics and Statistics

Programme code: IR1:04

	Planned	Estimated Outturn	Plans
£'000	1997-98	1997-98	1998-1999
MAFF Scheme Costs	4,694	4,669	4,792
of which payments to agencies	231	–	–
Non EU Receipts	-653	-400	-467
MAFF Administration Costs	5,145	5,145	5,094
Receipts	-243	-243	-699
Net Administration	4,902	4,902	4,395

The 1997-98 Planned "payments to agencies" figure includes a payment to ADAS. However, as a result of the privatisation of ADAS on 1 April 1997, the only element of that payment to appear in the "payments to agencies" figures for 1997-98 Estimated Outturn and 1998-99 Plans is that made to FRCA (if any) which was established to provide the services which could not be placed in the private sector.

7.30 The objective of this Programme is to provide economic advice to support the formulation and implementation of Government policy and to provide relevant statistics at least cost to MAFF and industry. The main elements of scheme expenditure in 1997/98 are economic studies commissioned from universities and colleges, including the Farm Business Survey (FBS) and Special Studies (£2.8 m), policy evaluation (£0.6 m) and the National Food Survey (NFS) (£0.8 m). Receipts from the EU towards the cost of statistical surveys accounted for some 75 per cent of all receipts by the Group in 1997/98.

7.31 The Economics and Statistics Group (ESG) provides economic analyses on a wide range of policy issues. It also advises on investment appraisal and has responsibility for the programme of policy evaluations. Analyses have demonstrated the economic benefits of reform of the CAP and the need for change if the EU is to meet its WTO commitments and enable enlargement to the east. The results of these analyses have played an important role in the debate leading up to the proposals by the EU Commission for changes to the major CAP commodity regimes set out in Agenda 2000. Analysis is continuing on the implications of the Agenda 2000 proposals for EU and UK agriculture, as well as on alternative options for change.

7.32 Economists have also provided advice on other areas of policy and on management issues to assist in the process of ensuring value for money. Under the programme of policy evaluations, the 10 evaluations listed below were completed in 1997 and a further 6 were initiated during the course of the year and are due to report in 1998.

Policy Evaluations Completed in 1997

1. Beef Special Premium and Suckler Cow Premium Schemes
2. Warble fly eradication policy in Great Britain
3. Stage II and III ESAs
4. Food Processing Science and Agro-Food Quality LINK Programmes
5. MAFF's Motoring Arrangements.
6. MAFF's International Relations and Export Promotion Division (IREP)
7. Hill Livestock Compensatory Allowances
8. The Agricultural Tenancies Act, 1995 – Pilot Study
9. The Arable Area Payments Scheme
10. Fishing Vessel Decommissioning Scheme

Policy Evaluations Initiated in 1997

1. Group Marketing Grant and Marketing Development Scheme
2. Chemical Contaminants of Food
3. Milk Quota System
4. Nitrate Sensitive Areas
5. Access Provisions in UK Agri-Environment Schemes
6. Stage IV ESAs

7.33 Statistics on the agriculture and food industries are collected to meet Government needs and to satisfy EU obligations. Improvements have been made to ensure that data are collected in the most efficient and cost effective manner. A simpler census questionnaire form was introduced for small farmers in 1997 and greater use of IACS data enabled a reduction of some 13,000 census forms. It is estimated that there was an overall reduction of 10 per cent in the time taken by respondents, with no loss of accuracy. Similar efficiencies have been made in respect of the National Food Survey and other surveys of the food industry, including surveys of egg producers and packers, slaughterhouses and bacon producers. Plans for further improvements in techniques and simplification of a number of surveys are well advanced.

7.34 Given the disproportionate demands for statistics on the agricultural sector relative to the economic size of the sector, MAFF statisticians have gained agreement from the EU Commission for a re-appraisal of data needs. ESG officials are playing an active role in a study designed to determine the essential data requirements for the future.

Policy Evaluations Completed in 1997

Findings of evaluation	*Steps taken*
Beef Special Premium and Suckler Cow Premium Schemes On the basis of a survey of nearly 700 farms in England and Wales, the evaluation examined the effects of the schemes on farmers' incomes; identified any effects on beef production; and assessed farmers' attitudes towards the schemes. Its broad conclusions were that the schemes had supported, and even increased, the incomes of beef fatteners and suckler cow producers; that the headage and quota limits had limited Government spending but that stocking rate limits and extensification rules had had little impact to date; and that system changes arising from the schemes' introduction had been relatively small though farmers in both groups had increased numbers of sucklers retained and cattle reared/fattened. A number of suggestions were made for possible modifications to the schemes. These included changes to the stocking rate limits and extensification premium, consolidating HLCA and SCPS payments in the LFA, consolidating BSPS premium payments into a single payment, paying BSPS on all animals but at a lower rate and skewing BSPS payments in favour of small producers.	The recommendations will be taken into account in formulating the UK's negotiating position on reform for the EU Beef Regime.
Warble fly eradication policy in Great Britain The evaluation found that post import control measures had been effective in controlling the risk of warble fly re-infestation and that an uncontrolled outbreak of warble fly could quickly lead to re-establishment at significant levels. The evaluation concluded that the benefits of the eradication programme since 1978 had greatly exceeded the costs and that the policy, with its supporting legislative framework and import control measures,	The recommendations are still under consideration.

Findings of evaluation (cont.)	*Steps taken (cont.)*
should be retained. If import controls became subject to legal challenge, the report recommended the adoption of the random testing of 50% of imported animals. The evaluation also recommended that the use of ELISA testing of blood samples should be ended as a surveillance technique.	
Stage II and III ESAs The evaluation found that the rationale underlying the scheme had not changed since its inception and that the ESAs had been largely successful in achieving their objectives. It concluded that their discontinuation would result in a significant reversal of the changes made by farmers that have joined the scheme, leading to an intensification of enterprises, particularly on the livestock side, with increased production of forage and greater use of fertilisers and pesticides. The research found that most farmers were well disposed to the scheme and that few participants would leave if renewal was offered on current terms, though there was some dissatisfaction with specific management prescriptions and payment levels at the individual tier level.	The evaluation, which formed part of a 5 year policy review of Stage II and III ESAs, was considered to provide better information and context within which the policy review could take place, rather than any major shifts in agricultural or agri-environment policy. The main benefit of the evaluation was in establishing that the existing rationale of the ESA scheme remained valid. The results of the policy review were issued for consultation. Specific proposals to individual ESAs have been sent to the EU Commission for approval.
Food Processing Science and Agro-Food Quality LINK Programmes This evaluation concluded that a rationale still existed for both of these programmes; that they were effective in meeting most of their policy objectives and targets; and that they provided good value for money with most of the research outputs being considered as highly additional. A number of specific recommendations were also made. Most were relatively minor except for the suggestion that the FPS programme be reinstated or some provision made within some other LINK programme for projects in the area of food processing science. Other recommendations included proposals that greater attention be paid to the size of partnerships, with a view to	The recommendations are currently under consideration.

Findings of evaluation (cont.)	*Steps taken (cont.)*
a maximum threshold, that consideration be given to the role of the Project Monitoring Officer and that the case for the participation of companies without an EU base should be reviewed.	
The Agricultural Tenancies Act, 1995 - Pilot Study The evaluation was designed to establish baselines relating to the position before the Act came into force and also to consider the initial impact of the new Act on the industry. It concluded that the Act appears to have gone some way in meeting its primary objective of bringing new land into the rented sector, but that it was too early to judge whether the long term decline in the proportion of tenanted farm land will be reversed. The research found that, on current evidence, the major impact of the Act had been on existing farmers being able to expand their businesses through Farm Business Tenancies rather than on improving the ease with which new entrants can come into the industry. A number of indicators which might be used to monitor and evaluate the future success of the Act were proposed.	The conclusions of the study and its recommendations are being considered in the context of monitoring the performance of the Act.
The Arable Area Payments Scheme The evaluation was based largely on the results of face to face interviews with 500 farmers in England and 75 in Wales, supplemented with discussions with various interest groups and information drawn from published material. An important conclusion was that, though farmers had benefited from substantial windfall gains because of the impact of Green Pound devaluations on compensation payments, the AAPS was not in itself responsible for producing a financial bonanza to the industry. The study found that set aside did yield some environmental benefits through taking land out of intensive production but as the AAPS was essentially	The conclusions of the study are currently being considered in the context of the Agenda 2000 proposals and negotiations on future reforms of the CAP.

Findings of evaluation (cont.)	*Steps taken (cont.)*
designed to achieve production objectives, it was not well honed to the achievement of environmental ones.	
The Fishing Vessel Decommissioning Scheme 1993-1996 The evaluation concluded that the schemes had achieved fleet reductions significantly above what would otherwise have happened; the tendering system had operated effectively and decommissioning had itself stimulated other licence transactions which, through the system of penalty transfers, have contributed to further reductions in the size of the fleet. The survey of vessel owners highlighted the importance of the licence value in determining bids, and the tendency for successful scheme applicants to re-invest their grants in other fishing vessels. It was noted that relatively few vessels in Scotland had been decommissioned; that decommissioned vessels tended to be relatively old and inactive and that relatively few applications had been forthcoming from beam trawlers and pelagic vessels.	The 1997 Decommissioning Scheme took on board the recommendation that owners should be allowed to retain their vessel track records when decommissioning their vessels. The rules for the destruction of vessels were also relaxed for the 1997 Scheme to allow historic vessels to stay afloat in association with museums. The scope for industry contributions towards the cost of future decommissioning is still being considered.

The following evaluations relating to MAFF's internal administration processes were also completed in the course of the year and their recommendations are under consideration or in the process of implementation.

MAFF's Motoring Arrangements. This study considered the arrangements for delivery of MAFF's business mileage with the aim of ensuring that these provided the Ministry with good value for money.

MAFF's International Relations and Export Promotion Division (IREP). The evaluation reviewed the effectiveness of IREP's two principal functions, examined the incidence of duplication between IREP and similarly tasked bodies in the public sector and considered appropriate performance indicators.

The evaluation of **Hill Livestock Compensatory Allowances** in England was also completed during 1997. The report will be considered in the context of the Comprehensive Spending Review alongside similar studies relating to the other countries of the United Kingdom, which are nearing completion.

Information Technology Services

Programme Code: IR1:05

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Administration Costs	38,451	38,451	29,394
Receipts	-481	-481	-481
Net Administration	37,970	37,970	28,913

7.35 The primary objective of this Programme is to provide Information Technology (IT) systems and services in support of MAFF's business and information requirements.

7.36 It is planned, co-ordinated and monitored under the overall umbrella of MAFF's Information Technology Strategy which is aligned with the Public Expenditure Survey (PES) and reviewed and updated annually. Estimated expenditure in 1997/98 includes:

- i) £9.5m capital purchases of IT hardware and software;
- ii) £18m external IT support and related costs;
- iii) £3.8m other associated non-pay running costs;
- iv) £8.2m ITD pay costs.

Support of Policy Aims/Scheme Administration

7.37 In 1997/98, MAFF will spend some £23 million on IT support for its policy aims and executive functions, such as payment of grants and subsidies. EU requirements for the implementation of CAP reform schemes and IACS continue to be major elements of expenditure. The improved control and enforcement measures adopted under the Common Fisheries Policy (CFP) still dominate Fisheries IT development. In addition a large element of funding has been directed towards development and implementation of further urgent new systems in support of BSE requirements (implementation of a Cattle Passports System (CPS) and development of this into a full Cattle Tracing System (CTS)).

Internal Administration

7.38 Expenditure in 1997/98 on IT support for MAFF's internal administration is expected to be some £16 million. Achievements during 1997/98 include roll-out of standardised and integrated IT office support facilities to the new Farming and Rural Conservation Agency (FRCA). To improve MAFF's overall efficiency and effectiveness, further provision of IT systems and services is under consideration for remaining areas such as Fisheries Port Offices and Veterinary Field Service Area Offices. On completion, all MAFF staff will have access to advanced IT office systems.

Millennium Preparations

7.39 Work is underway to prepare MAFF's IT systems for the change of millennium in order to ensure essential operational continuity.

Private Finance Initiative

7.40 A feasibility study completed during 1995/96 identified a small number of potential opportunities for private financing. On further analysis, based on cost and risk transfer criteria, the majority of these proved not to be suitable candidates. A longer-term possible candidate is the Cattle Tracing System (CTS), the foundation system of which is being implemented in-house, but longer-term requirements for private finance will be considered.

Competing for Quality

7.41 MAFF's IT market testing programme (a key task and major performance indicator for recent years) has been completed. On completed tests, the market testing programme achieved substantial savings. MAFF will continue to make efficiency savings in IT services through annual efficiency plans, deploying many of the Competing for Quality strategies.

Output and Performance Indicators

7.42 OPIs for 1997/98 are:

- i) percentage of IS/IT projects/enhancements completed to time and budget 89.5% (target 93%);
- ii) percentage of central computer availability within the banded hours 99.84% (target 98%);
- iii) total value of all in-year benefits delivered by IT systems £58.6 million (target £63.3 million).

7.43 Running Cost Savings in 1997/98, as a direct result of IT investment, are expected to total £14.42 million against a predicted estimate of £15.4 million.

7.44 The Running Costs Savings figures exclude the considerable productivity gains resulting from IT support for schemes such as those relating to CAP reform, some of which would not have been possible without the implementation of IT solutions. In this respect, Notional Running Costs Savings in 1997/98 are expected to total £38.97 million against a predicted estimate of £43.8 million.

Future Plans

7.45 Further technical development of office systems facilities will continue over the coming three years in line with current strategic plans. These will include further development of Internet and Intranet technology within MAFF to provide citizens, our customers and staff with electronic access to a wide range of information. It is anticipated that programme expenditure will remain consistent with the previous position for future years although BSE IT support requirements are particularly volatile. IT systems continue

to add value to the Department's business areas and enable the delivery of related efficiencies. The procurement of supply, maintenance and related services for IT equipment begun in 1997/8 will be completed. Further work on preparing IT systems for the change of millennium will continue in order to ensure essential operational continuity; the implications of European Monetary Union (and the Euro) for MAFF's computer system are currently under review. This along with the development of a cattle traceability database are key tasks for 1998/99 and are likely to have a significant and increasing impact on workload and priorities.

Open Government

7.46 MAFF publishes a wide range of information each year about its policies and the schemes it administers. Much of this information is now available on the Internet including general information relating to the work of the Ministry, news releases, statistical data and contact points for further information. The MAFF Helpline, the Ministry's general enquiry point, handled over 70,000 telephone calls, 3,000 letters and faxes and 850 e-mail enquiries in 1997.

Financial Planning and Control

Programme Code IR2:01

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	2	2	2
MAFF Administration Costs	4,782	4,782	5,085
Receipts	-93	-93	-133
Net Administration	4,689	4,689	4,952

7.47 The objective of this Programme is to ensure the provision of cost-effective financial, accounting and purchasing services in support of MAFF's business.

7.48 The Programme includes centralised work for the Public Expenditure Survey, production of the Ministry's Supply Estimates and in-year monitoring of expenditure. During 1997-98 all proposals for additional expenditure on BSE-related work were monitored and co-ordinated as part of the activities under this Programme. From 1995-96 the Ministry's Supply Estimates have been structured around the Aims, Sub-Aims and Programmes, which are the basis of the Department's system for allocating resources and evaluating performance. From 1996-97, the Ministry's Supply Estimates have, in common with those from other Departments, been presented on a simplified basis as agreed with the Agriculture Select Committee.

Financial Information Systems and Resource Accounting

7.49 The reporting stage of the Financial Planning and Reporting System (FPRS) was rolled-out to Budget Managers towards the end of the financial year and gives Senior Budget Managers access to the latest income and expenditure data on an organisational and programme basis. Systems to implement Resouce Accounting were introduced in 1997/98 ; unaudited draft accounts for 1997/98 will be produced and it is planned that the1998/99 accounts will be subject to a dry run audit by the National Audit Office. Accounts for 1999/2000 will be fully audited and published. Resource accounting will lead to the development of Resource Budgeting to which end MAFF is actively involved in a pilot exercise with HM Treasury.

PROMPT PAYMENT OF BILLS

All Government Departments and their agencies are required to meet specific supplier invoice payment targets. Currently, the targets stipulate that all Departments:

a) should pay invoices not in dispute within 30 days or the agreed contractual terms if otherwise specified;
b) all Departments should aim to pay 100% of invoices, including disputed invoices once the dispute has been settled, on time in these terms; and
c) no Department should pay less than 95% of undisputed invoices within agreed contractual terms.

From information provided previously by the Ministry, HM Treasury calculated that the Department (including its agencies) was only paying 80.4% of all supplier invoices by the due date. MAFF has implemented, and continues to drive forward, the necessary changes in procedures and internal disciplines required to rapidly improve payment performance. To date, these changes have resulted in overall payment performance for the period 1 June 1996 to 31 March 1997 improving to 91.8% of supplier invoices being paid by the due date. Further improvement is expected.

Internal Charging

7.50 MAFF continues to develop its allocation of central departmental service costs. The attribution of these costs to agencies is now well established and forms an integral part of agencies own charges and informs their decisions about service requirements. Future developments will take into account the introduction of Resource Accounting.

Next Steps Initiatives in Executive Agencies

7.51 On 1 April 1997, two new agencies were launched, the Centre for Environment, Fisheries and Aquaculture Science (CEFAS), and the Farming and Rural Conservation Agency (FRCA) which merged the Statutory functions of ADAS with the MAFF Land Use Planning Unit. The commercial functions of ADAS were privatised on the same date. No new Executive Agencies are being established in 1998.

Procurement

7.52 The procurement organisation combines strong central responsibility for the management of procurement with the devolution of operational purchasing where appropriate. A strategy to improve procurement and contracts performance further has been agreed by the MAFF Management Board. The strategy is designed to improve further information, procedures and processes and education and training.

7.53 The Ministry's annual expenditure on goods, utilities, services and works totals close to £300 million. Almost 62% of this is on services with 24% on goods and utilities and 14% on works. Savings of £9.1 million for financial year 1995/96 were identified against a target of £7.2 million. For the financial year 1996/97 a savings target of £8.0 million had been set and initial findings are that savings of £11 million were achieved. These are subject currently to audit and review. The savings target for 1997/98 has been set at over £9 million. Targets are reviewed continually. Benchmarking is undertaken using maturity profile analysis techniques.

7.54 Current initiatives include:

a) introducing pilot schemes for purchasing cards in core-MAFF and one of the agencies (the VLA) with a view to reducing the costs of low value order processing;

b applying supply chain and supplier management techniques to improve the quality and value for money of national framework agreements with key suppliers;

c) refining internal service level agreements (SLAs) between the central procurement group and its customers;

d) contributing to and in some cases leading, inter-departmental working groups to improve collective procurement knowledge and expertise;

e) commissioning comprehensive studies of IT procurement and energy procurement in the Ministry and its agencies;

f) implementing an enhanced version of the purchase order module software within the Ministry's financial management system; and

g) reviewing the costs and benefits of electronic data (EDI) and information interchange techniques as an alternative to current systems.

7.55 Although significant improvements have been achieved, MAFF will continue to improve procurement procedures and contracts activity to provide better value for money, encourage training in procurement skills and the intelligent customer role, reduce its supplier base and concentrate procurement activity in the hands of skilled practitioners working in cross functional teams.

Competing for Quality (CFQ)

7.56 Competing for Quality proposes a number of efficiency techniques which can be applied to Civil Service functions to improve value for money. The techniques include abolition of activities; privatisation; contracting out without an in-house bid; market testing with an in-house bid; and internal cost savings and efficiency improvements. The techniques of market testing and contracting-out are those most closely associated with the CFQ.

7.57 Between 1992 and 1997 the amount reviewed under CFQ in MAFF totalled close to £100 million (though this included centrally negotiated contracts and activities other than marketing testing and contracting out). Departmental savings arising from the CFQ programme were estimated at £11.8 million by early 1997. A review of the CFQ programme for the financial years 1996/97 and 1997/98 is expected to be completed by the end of May 1998. This is confidently expected to report further savings. Departmental costs incurred in supporting and managing the CFQ programme are estimated at £904k for external consultancy support and approximately £3.5 million for the costs of staff and related support.

7.58 CFQ has encouraged some innovation in service delivery and raised the profile of service quality amongst users and providers. External contracts are subject to formal contract management and internal service provision subject to formal service level agreements and audit review. CFQ has fostered the ongoing willingness of many groups and divisions to embrace the value for money concepts of effectiveness, efficiency, and economy.

VALUE FOR MONEY

MAFF uses a variety of measures to improve the value for money obtained from expenditure on its schemes and administration. Since many of MAFF's activities are susceptible to fluctuations in work volume, efficiency improvements often take the form of 'doing more with the same' or achieving greater responsibilities and work volume within existing budgets. An example is the absorption of the overall 1996 pay increase of 3% within the constant PES baseline. Techniques used to increase efficiency include procurement savings, strategic contracting out, management reviews and investment in IT to secure running cost savings. MAFF's estimated savings from all efficiency measures in 1996-97, as a result of actions completed in 1995-96, was almost £5.5m. Significant initiatives included savings of almost £2m in the running costs of IT services, over £1.7m from the management review of the Veterinary Field Service and £1m from a variety of measures in MAFF's agencies.

Details of value for money exercises carried out are contained in the appropriate Programme entries.

COMPREHENSIVE SPENDING REVIEW

Most of the recommendations from MAFF's 1995 Fundamental Expenditure Review (FER) were implemented before the General Election. Detailed reviews, which were required in some areas before further FER work could be taken forward, have been superseded by the Government's **Comprehensive Spending Review** (CSR), announced by the Chief Secretary to the Treasury on 11 June and due to be concluded in the first half of 1998.

As part of its CSR, MAFF is examining all of its spending programmes in depth. In particular, the Ministry is :

- a) reviewing its aims and objectives to take account of the overall objectives of the Government;
- b) examining the rationale for each of its spending Programmes and assessing their effectiveness in contributing to the achievements of its objectives;
- c) examining the scope for changing spending priorities in order to improve its overall effectiveness;
- d) considering further improvement to the efficiency with which it conducts its business and delivers services to the public, including the scope for extending the use of public/private partnerships;
- e) considering whether better use can be made of its assets; and
- f) assessing the effectiveness of the present arrangements for measuring output and performance.

In addition to MAFF officials, the Review Team includes representatives from the Treasury, the No 10 Policy Unit, the Efficiency Unit and the Intervention Board and an external member, Nigel Matthews, Group Secretary of J Sainsbury PLC.

To assist the Review Team in its scrutiny of MAFF's spending Programmes, Working Groups have been set up to examine specific areas: agricultural support under the Common Agricultural Policy; expenditure on flood and coastal defence; expenditure on Research and Development; support for the less favoured rural areas; and animal disease surveillance. MAFF's agri-environment and countryside schemes are being reviewed jointly with similar programmes in the DETR in an interdepartmental review of countryside spending. There is also a joint review with the other Agriculture Departments and the Intervention Board of the present arrangements for administering the UK's CAP obligations.

Staff Inspection and Consultancy

Programme Code: IR2:02

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Administration Costs	725	725	725

7.59 The objectives of this Programme are:

- a) to assist efficiency and economy in the use of resources and effective organisation, and
- b) to assist in the core-MAFF/Agency Job Evaluation Reviews and longer term maintenance of proper grading standards.

7.60 Activities under the Programme also includes grading guidance and job evaluation, including use of the Cabinet Office (OPS) Job Evaluation and Grading System (JEGS) to assist in the core-MAFF/Agency Job Evaluation Reviews, the results of which were used to assist in shaping MAFF's future pay and grading system. The Internal Consultancy services also includes a small organisation and methods service and general advice on benchmarking, quality assurance and other management skills techniques. These services are provided also to the Ministry's agencies, as required, on a "shadow" charging basis.

7.61 The emphasis of the Programme has continued to move towards internal consultancy, responding to managers' needs as they arise. In 1996/97 it comprised 90% of resources. The Inspectorate is very much demand-led and its services have to be competitive particularly on quality because managers are not obliged to use the service. It must therefore offer a variety of skills and services and maintain comparable standards to external providers. Although the focus of attention has been on concluding the core-MAFF/Agency Job Evaluation Reviews, and maintenance of the Job Evaluation of Senior Posts Review (JESP), other assignments have covered a wide range of issues e.g. organisational structure, staff resources, market testing, follow-up Fundamental Expenditure Review studies, general management problems and assistance in the setting up of new agencies.

7.62 Performance is measured:-

- a) quantitatively: this includes the percentage of reports issued to clients within the timescale agreed with clients (100% in 1996/97) and the amount of "direct" time devoted to assignment work (65% in 1996/97 covering all staff overheads); and
- b) qualitatively: where Customer Satisfaction Questionnaires are sent to all clients asking for comments on a range of attributes including delivery and quality of advice. In 1996/97 a rating of 85% was achieved against a target of 60%.

7.63 No formal savings targets are set for either staff inspection or consultancy work, particularly as the former is an assurance function. Nevertheless, efficiency savings – from previous years' reviews but expected to be realised in 1997/98 – are likely to be in the region of £1.5m, with further savings of £1.5m for the following year.

7.64 For the immediate future, the key task is to conclude development of a programme of internal Efficiency Reviews to replace the more narrow staff inspection assignments, and provide a Departmental steer on business plans. The data resultant from the core-MAFF/Agency Job Evaluation Review, and JESP System for changes to posts in the Senior Civil Service, will need to be maintained as an assurance function. Other consultancy work will continue, by providing a management services function that can respond to MAFF's needs and be competitive for work in agencies and NDPBs. Further reviews are anticipated, including potential support to the Comprehensive Spending Review initiatives.

Use of External Consultants

Actual and estimated MAFF expenditure (including agencies) on consultancy work for the financial years 1993/94 to 1997/98 are as follows:

Table 7.2: MAFF Expenditure (including agencies) on consultancy work

£million

Year	1993/94	1994/95	1995/96	1996/97*	1997/98*
Non-IT	4.8	6.9	9.3	10.0	6.6 (est.)
IT	8.3	5.4	5.9	0.5	1.87 (est.)
Total	13.1	12.3	14.9	10.5	8.47 (est.)

* 1996/97 and 1997/98 figures are based on definitions of categories of consultancy work contained within the Efficiency Unit's Scrutiny on the then Government's use of external consultants published in 1994.

MAFF's objective remains the spread of best procurement practice in all areas of MAFF expenditure on goods and services of which consultancy is but one part. Internal restrictions are designed to ensure that the Ministry is able to determine that all external consultancy contracts or related framework agreements let have a sound business case, enjoy effective project management, systematic implementation of results and post-project assessment.

Management of Accommodation and Property Resources

Programme Code: IR2:03

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	2,309	2,348	545
of which payments to agencies	502	–	–
Capital	1,510	1,510	–
Non EU Receipts	-9,490	-14,686	-6,598
MAFF Administration Costs	83,574	83,574	69,449
of which Capital	33,044	31,274	27,891
Rent	21,500	20,028	17,521
Building maintenance	21,000	28,023	23,007
Receipts	-504	-504	-30,520
Net Administration	83,070	74,381	38,929

The 1997-98 Planned "payments to agencies" figure includes a payment to ADAS. However, as a result of the privatisation of ADAS on 1 April 1997, the only element of that payment to appear in the "payments to agencies" figures for 1997-98 Estimated Outturn and 1998-99 Plans is that made to FRCA (if any) which was established to provide the services which could not be placed in the private sector.
From 1998-99 this Programme includes a capital charge receipt (£27.9 million in 1998-99) following the Treasury's introduction of capital charging from 1 April 1998.

7.65 The objectives of this Programme are:

a) to provide, maintain and dispose of buildings and land,

b) to make the best use of the minimum amount of accommodation needed to meet MAFF's requirements efficiently, and

c) to safeguard MAFF's property interests.

7.66 Estate rationalisation led to the sale of 21 freehold properties during the 1997/98 financial year. Non EU scheme receipts are predominantly for sales of land and property and rental income from minor occupiers on the MAFF estate, but also include a small amount for rents for dwellings occupied by farm workers, commercial rents for surplus properties awaiting disposal and payments for wayleaves and easements.

7.67 During the year an urgent programme of major new buildings for BSE research was put into planning and construction. The first project, at MAFF's Arthur Rickwood farm, was completed on 31 July 1997 on time and to budget whilst three others entered construction at the Central Veterinary Laboratory (Weybridge) and MAFF's Drayton farm.

£14 million was spent in the year on the design and construction of new buildings to meet the needs of BSE research work while £17 million is programmed to be spent in 1998/99. Three reservoirs were constructed on MAFF farms to assure year round water supplies in anticipation of a tighter regime on water abstraction licences from 1998/99. A lease was signed to rent a building at Exeter and a contract was signed for a new building at Crewe to replace poor quality wartime office buildings; the sites will be sold for redevelopment. Construction started on a new office building for the Veterinary Medicines Directorate.

7.68 All major projects are considered for development under the Private Finance Initiative (PFI). The Private Finance Panel Executive (now disbanded) advised that it saw little scope for the PFI to contribute towards the highly specialised buildings of the type that are needed for BSE research. However, the redevelopment of the Government offices at Cambridge (for which the Ministry is responsible as major occupier) is proceeding as a PFI scheme with management and professional input from the private sector. A contract with many features of the PFI was signed with a private developer to demolish and rebuild the Ministry's undersized and aged office in Northallerton. On completion the site and buildings will be sold to the developer for a nominal sum. In return MAFF will take a flexible lease on the new office which will allow all or part of it to be handed back to the developer at certain break points.

7.69 The building maintenance programme for 1997/98 included a nationwide scheme to refurbish accommodation for the newly formed Farming and Rural Conservation Agency and the refurbishment of old buildings at Workington for the new British Cattle Movement Service. An internal reorganisation of MAFF's headquarters was carried out to enable Ministers and their staff to move from their rather 'run down' offices in Whitehall Place to some of a better standard in MAFF's Nobel House on Millbank. The exercise included the provision of improved facilities for conferencing and the media in readiness for the UK's assumption of the EU Presidency. Staff engaged on food standards and safety work were also brought together as part of the preparations for the creation of a Food Standards Agency. Work has continued to improve facilities for staff and visitors with disabilities. Cost in use data and performance indicators have been collated.

7.70 Plans for the future include continuing the disposal of redundant land and buildings, and exploring Private Finance Initiative funding to refurbish or redevelop some of the Ministry's aged buildings. Following the relocation of Ministers' offices from Whitehall Place to Nobel House, the strategy for the Ministry's HQ offices in London is being reviewed.

GREEN HOUSEKEEPING

During 1997/98 MAFF and its agencies continued to invest in energy saving schemes comprising energy efficient lighting and heating controls, building insulation and separate metering. The Government target of a 20% reduction in energy consumption by March 2000 compared with a 1990 baseline is very challenging but MAFF is making good progress towards this target. MAFF's last annual return showed a 14% reduction in energy consumption for its main estate and a 6% reduction at Laboratory sites. At the same time it is attempting to mitigate the energy demands of changes in working practices, the continuing growth of IT and the business led needs of agencies.

On other aspects of green housekeeping, a contract is in preparation following an independent consultant's recommendation that environmental checks be conducted at MAFF's major sites. MAFF already encourages several "green" travel practices, including cycle purchase loans and provision of secure storage for cycles at work. Thirty seven tonnes of good quality paper from Headquarters buildings was sent for recycling during the year together with many bin loads of drink cans. Woodwork, decorations and plasterwork in listed rooms in MAFF's Nobel House building have been refurbished. Various schemes have been put in hand to encourage local flora and fauna, particularly at CSL, York. Initiatives will continue to be developed covering waste management, pollution prevention, recycling, heritage conservation and safeguarding the natural environment.

Ministers and Top Management

Programme Code: IR2:04

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
MAFF Scheme Costs	7	5	7
MAFF Administration Costs	1,835	1,835	1,805

7.71 This Programme's objective is to provide Ministers and the Permanent Secretary with the support necessary to fulfil their statutory, Parliamentary, representational and other duties effectively and efficiently.

7.72 Expenditure under this Programme provides for the salaries of Ministers, the Permanent Secretary and the Minister's Special Advisers, and the costs of operating Private Offices. Private Offices provide the necessary liaison between Ministers, the Permanent Secretary and the Ministry, Parliament, other Government Departments and outside bodies and individuals. They ensure that Ministers and the Permanent Secretary have the necessary information to make policy and management decisions, and are adequately briefed for visits, meetings and debates.

7.73 In 1996-97 Ministers answered 2336 Parliamentary Questions. 10,414 letters from Members of Parliament were also received – 60% of these were answered within 15 working days. In addition, more than 70,000 letters were received from members of the public. These received official replies. Numerous telephone enquiries were also dealt with by Private Offices. In all these areas, the volume of work continued to increase significantly, largely as a result of interest in BSE and related issues.

7.74 The current year has seen the establishment of new computer systems to manage Ministers' diaries, and the handling of correspondence and Parliamentary Questions. A key priority for the year ahead will be to ensure that the UK's Presidency of the EU is managed smoothly and efficiently and that the UK's objectives are met successfully.

REPORT OF REFERRALS TO THE PARLIAMENTARY COMMISSIONER FOR ADMINISTRATION

During the financial year 1996-97 the PCA referred six new complaints to MAFF. One case was resolved during that financial year. Investigations continued for the five remaining cases referred in 1996-97, and on five cases from previous years.

The resolved complaint concerned the misrepresentation of an individual's views in a scientific report, failure to notify the error to recipients of the report and delays in replying to correspondence. The complaint was upheld. The Department apologised and a correction slip was issued to those known to have received the report.

MALADMINISTRATION

The 1997 Departmental Report identified the total Departmental cost of ex-gratia payments. HM Treasury had requested that we show the cost of compensation for maladministration payments, but MAFF's Losses Register did not segregate these payments for the whole of the financial year covered by the 1997 Departmental Report.

Financial compensation for maladministration by MAFF is based on loss of entitlement to grants or subsidies, interest forgone due to a late payment by MAFF of grants or subsidies, and the reimbursement of reasonable additional advisor's fees and other financial losses actually incurred by complainants in pursuing their complaints.

They form part of the much wider category of 'ex-gratia' payments, which encompasses all payments which go beyond administrative rules or for which there is no statutory cause or legal liability. These include compensation for injuries to people, for damage to property and for losses due to official inadequacy etc.

In 1996/97 the sum of £1,079,561 was paid out in such circumstances.

Devolution

Programme Code: IR2:06

	Estimated Outturn	Plans
£'000	1997-98	1998-1999
MAFF Administration Costs	123	53

7.75 A Devolution Unit has been set up within the Department to assess and monitor the implications for MAFF of devolution for Scotland and Wales. Following devolution legislation, responsibility for agriculture, fisheries and food, including implementing EU measures under the CAP, and on food standards and animal health and welfare, will all be devolved areas. The need for suitable co-ordination arrangements within the UK to ensure effective discharge of EU obligations is recognised. The Scottish Parliament will have the power to make primary and secondary legislation in these areas, and the Welsh Assembly will be able to make secondary legislation.

7.76 The Devolution Unit is responsible for agreeing with the Scottish and Welsh Office workable arrangements for handling business following devolution, and for providing guidance to MAFF Divisions so that they are prepared to introduce new arrangements.

7.77 The Unit is also responsible for matters which concern MAFF and relate to proposals for Regional Development Agencies and a Greater London Authority.

By effective management and development of staff

Management of Human Resources

Programme Code: IR3:01

	Planned	Estimated Outturn	Plans
£'000	1997-98	1997-98	1998-1999
MAFF Administration Costs	26,840	26,756	25,347
of which decentralised	11,187	11,169	10,030
centralised	15,653	15,569	15,232
Receipts	-1,746	-1,746	-1,584
Net Administration	25,094	25,010	23,763

7.78 This Programme covers the development cost and implementation of policies relating to employment, staff management, staff welfare, training and development, health and safety, pay and grading strategy, staff payment mechanisms and the cost of office services in the majority of HQ buildings, including post, reprographics, messengers and record management requirements.

7.79 Pay policies are implemented centrally or through devolved personnel and pay functions in Agencies, Regional Service Centres and certain other business units; staff pay is generally provided for under the administration cost of each Programme. Costs related to personnel and other establishments services provided to the Ministry and certain agencies are included in this Programme. A table of staff numbers is at Annex 8. The centralised costs, shown in the table above, represent expenditure on those services undertaken on behalf of the whole of MAFF, including agencies. The main elements here consist of payments to seconded staff, early retirement costs and transfer expenses.

Senior Civil Service

7.80 Senior Civil Service numbers in the core-Department have stabilised at 91 following the Senior Management Review. This represents a reduction of 35 posts since the beginning of 1995. Consideration of training and development needs formed the main policy area during the year. MAFF has accepted the Cabinet Office recommendation for new members of the SCS to attend a development centre within 2-3 years of promotion. All existing SCS members are also being encouraged to attend a development centre to give greater focus to identifying and meeting development needs.

Pay

7.81 Responsibility for delegated pay and grading for staff outside the Senior Civil Service rests separately with the Chief Executives of the Executive Agencies and the core-Department. Agreement was reached with all four unions (IPMS, FDA, PTC and CPSA) on a revised and final offer made on 4 July 1997.

7.82 The settlement established a new, simplified pay structure for staff within the core-Department. 13 National and 13 London Pay Ranges replaced in excess of 100 pay ranges. Entry ranges were created to allow for flexibility on starting pay for new recruits to meet changes in the job market. The use of equity shares for determining performance related pay was extended to all grades. All those receiving London Weighting had this consolidated. Improvements to leave and other allowances formed part of the settlement. The offer was worth 4% of the total paybill.

7.83 The review of grading arrangements for the core-Department continued. Over 1,200 posts across the Regions and HQ organisation, covering representative grades and disciplines, were evaluated using a standard Civil Service methodology. The results showed that the vast majority of these posts were correctly graded within existing grade boundaries. They also broadly confirmed the present cross-ranking of analogous grades (e.g. technical, scientific and other specialist posts with their administrative equivalents). Consideration is now being given to revising the structure if that would better suit current and emerging business needs. Significant alterations are unlikely to be worthwhile unless they would produce clear improvements in efficiency.

Investors in People (IIP)

7.84 MAFF's Information Technology Directorate were successfully reassessed against the IIP standards in 1997. A diagnostic survey of staff in the remainder of core-MAFF has recently been conducted and an Action Plan for formal commitment to the IIP standard by April 1998 is being drawn up.

7.85 A team of external consultants, Warwickers, carried out a programme of work in the summer to determine the present position in relation to the IIP standard. Newsletters were distributed to all staff. 1200 questionnaires were sent out, supplemented by interviews and Focus Group meetings. The majority of systems required were found to be in place, although an overall Business Plan and Training Evaluation System needs to be developed. In general, the diagnostic survey showed MAFF to be task driven, successful in meeting targets, but standing to benefit from greater recognition of good management practice and the use of more face-to-face communications. The Action Plan will address these issues, which are being explained to staff through cascade briefing sessions from senior management.

Training

7.86 A number of training initiatives are being undertaken following the move towards competence based development and training. Individual development is being encouraged and targeted with the introduction of personal development planning for all staff. The training team is piloting a consultancy service to work groups offering specialist advice on best development practice and training opportunities. The availability of skills training through open learning is being expanded to provide staff with greater opportunities. Current evaluation procedures are being reviewed as part of the preparation for Investors in People.

Table 7.3: Training in MAFF (including agencies)

Year	1994-95	1995-96	1996-97	1997-98 (target)
In-house Training days delivered by Training and Development Branch	7,427	7,106	8,495 (a)	>7,500
% of staff satisfaction with training received	86%	95%	85%	>80%
Spend on T&D (core-MAFF) (£'000)	3,603 (b)	2,745	4,099 (c)	4,000
Spend on T&D as % of staff costs (core-MAFF)	2.42%	1.89%	2.72%	2.80%

(a) The increase from previous years is due to an exceptional need to train staff in Core-Competences
(b) Includes significant investment in corporate IT training
(c) Basis of calculation revised to meet Cabinet Office definition of training spend

EXCHANGE OF STAFF

During the last year MAFF, in common with all Government Departments, has undertaken a review of its policy for the interchange of staff. The review followed an initiative under the previous administration to increase the amount of interchange of staff between the civil service and the private sector. The new administration is also committed to increasing activity in this area, although with emphasis across a wide range of sectors. The outcome of the review has been to set clearer objectives as to the benefits of interchange for the Ministry, it's officials and external organisations. In particular interchange is seen as providing officials with greater insight to how other sectors operate and so enabling them to introduce their additional knowledge and skills into framing more effective policies. Increased inward secondment of staff should also provide the introduction of new skills and approaches in use in other sectors, particularly in service delivery.

During 1997 some 54 staff were on secondment to other Government departments, the European institutions, etc. Over the next year officials will be building on contacts with a variety of external organisations such as trade associations, the voluntary and private sectors with the aim of providing additional opportunities for both inward and outward secondments.

The review confirmed the Department's commitment to the importance of the secondment of officials to EU Institutions and other Member States in view of MAFF's extensive involvement in EU decision making. MAFF continues to assist officials to find both secondment and more permanent opportunities in the institutions which it regards as providing valuable experience for those involved. Secondments to and exchanges with the Governments of other Member States and international organisations are also regarded as a useful way of increasing understanding and broadening experience. MAFF continues also to employ members of the European Fast Stream Scheme, the aim of which is to help develop and train high-quality British candidates to compete for permanent administrative posts in the EU institutions.

During 1997, 6 officers have been on secondment to the Commission as Detached National Experts (DNEs) for varying periods, while 7 officers have undertaken or are currently undertaking 5 month Stagiaire placements. A further 6 officers have been employed as specialists by the Commission on temporary contracts. A veterinary officer was seconded to the French government under the Anglo-French Scheme. Two officers continued on secondment to international organisations (the Oslo and Paris Commission and the North Atlantic Salmon Conservation Organisation).

In addition, a number of visits were arranged for officials engaged in the implementation of Single Market legislation under the EU's Karolus exchange programme. In 1997, MAFF hosted 7 inward visits and made 2 outward visits, including exchanges under the veterinary exchange programme.

Recruitment

7.87 Government Departments are required by the Civil Service Commissioners' Recruitment Code to publish summary information about recruitment activity. In MAFF and its Executive Agencies, the majority of recruitment is carried out in accordance with the rules on fair and open competition and selection on merit. The main exception to this is in the area of short term (i.e. under 51 weeks) casual appointments, where there is no prospect of extension of the appointment or conversion to permanent.

7.88 The total numbers of staff appointed to permanent, fixed term or conditional appointments within core-MAFF and the Pesticides Safety Directorate in the year to 31 December 1997 is as follows:-

Table 7.4: Appointments in MAFF, 1997

Grade/ Equivalent	TOTAL NUMBER					
	Permanent	Period/FTA	Conditional	% Ethnic Minority[1]	% Women	% People with Disability
2	1	–	–	–	100%	–
5	2	–	–	–	–	–
6	1	–	–	–	100%	–
7	7	2	–	–	22%	–
SEO	22	8	–	–	43%	–
HEO	10	4	–	–	43%	–
EO	32	18	9	8%	34%	7%
AO	72	2	6	4%	51%	3%
AA	217	49	22	5%	59%	7%

[1] Based on respondents to the voluntary ethnic origin questionnaire.

7.89 The number of occasions on which the permitted exceptions to fair and open competition have been used are detailed at Table 7.5 below.

Table 7.5: Permitted exceptions to the use of fair and open competition, 1997

1 Veterinary Officer	new Fixed Term Appointment offered – BSE work
4 Animal Health Officers	employed beyond 51 weeks – BSE work
1 Administrative Officer	employed beyond 51 weeks – BSE work
1 Grade 7 (FTA)	post made permanent – individual had acquired specialist expertise to make further competition unnecessary
1 Higher Scientific Officer	casual appointment converted to permanent – individual was first reserve for permanent post through open competition
2 Higher Executive Officer	re-instatements – to help meet urgent staffing needs as a result of BSE
2 Executive Officers	re-instatements – reasons as above
2 Administrative Officers	appointed under modified selection arrangements for candidates with disabilities
1 Administrative Officer	re-instatement
1 Administrative Assistant	employed beyond 51 weeks to complete specific task

Equal Opportunities

7.90 There has been an increase in the numbers of women, ethnic minority staff and staff with disabilities entering higher grades although progress remains slow, particularly for ethnic minority staff where the numbers in feeder grades for middle management are small. In the main entry grades (AA/AO), where recruitment has been sustained over the past year, representation of ethnic minority groups remains above the national benchmark for the economically active population. In the Senior Civil Service representation of women has increased from 6.9% in 1990 (based on old Grades 1-5) to 12.1% in 1997.

7.91 Figures for disability in table 7.4 above now reflect the wider definitions of the Disability Discrimination Act 1995 (DDA). All staff who join MAFF are now asked, on a voluntary basis, to provide information on disability to enable MAFF to identify and meet needs and monitor progress. The third phase of the accommodation audit of MAFF buildings, focusing on access and facilities for people with disabilities, will be completed this year. The majority of the buildings in the MAFF estate have now been surveyed and much of the recommended work is in hand.

7.92 The majority of staff listed above in grades down to EO have received dedicated equal opportunities training covering their responsibilities to colleagues and the public. Training courses which deal with development or management for these and other grades contain guidance on equal opportunities.

7.93 In the context of the European Year Against Racism the Minister has signed the Declaration of Intent to further the aims of the Year as a member of the Cabinet. Consideration is being given to membership of the Leadership Challenge. MAFF has sponsored two students under the Windsor Fellowship scheme which supports the development of ethnic minority undergraduates.

7.94 Policies and procedures for equal opportunities complaints, policy appraisal and fair treatment, and information to all staff on all equal opportunities issues have been updated.

Citizen's Charter

7.95 The Regional Service Centres, the Department's main point of contact with the public, published details of their performance in 1996/97 against the targets set in 'Commitment to Service' (see Annex 18). For most schemes, targets were met in over 95% of cases.

7.96 The MAFF Complaints Adjudicator investigated six complaints about the Department. Three of these concerned the RSCs. Five complaints were resolved and one complaint was referred to the Minister.

8.1 MAFF funds research to inform Government policies, to provide scientific foresight and to contribute to the identification of future policy options. Research contributes to the achievement of the aims of the Ministry and the individual Government policies it supports are described in the earlier Chapters of this report. MAFF's research programmes reflect current priorities with a proper balance between sectors. Applied strategic research as well as the more immediately relevant applied specific research receives appropriate funding.

8.2 All research programmes are reviewed at about three yearly intervals to ensure that the science continues to be relevant and contributes to the achievement of the Ministry's aims. The allocation of funding to programmes is considered annually and adjusted to meet new priorities. The Department's research is conducted by a wide range of contractors including Executive Agencies, NDPBs, research council institutes, universities, food research associations and other commercial bodies.

8.3 The allocation of expenditure between individual research programmes is given in Table 8.1 and is not included in the individual programme tables in earlier Chapters. In addition to the expenditure in Table 8.1, the Ministry also provides a grant-in-aid to the Royal Botanic Gardens, Kew, under programme CE2:42, in support of their statutory functions, which include research.

To protect the public

8.4 The major purpose of research in this area is to protect consumers of food. To this end, programmes focus on identifying, assessing and managing possible risks that may result from chemical, microbiological and radiological contamination of food as well as on the development of better diagnostic tests and vaccines for zoonoses and better strategies for their control, on veterinary medicines and meat hygiene. The outcome of recent foodborne zoonoses and meat hygiene research reviews reinforced the need to adopt a "farm to fork" perspective for risk assessment and risk management and emphasised the need for further research addressing foodborne zoonoses on farm.

8.5 The announcement by the Spongiform Encephalopathies Advisory Committee of a possible link between a new variant of Creutzfeldt-Jakob disease in man and BSE has led to the further development of MAFF's programmes of research on the transmissible spongiform encephalopathies. Research is focused on epidemiology, pathogenesis, transmission and diagnostic studies in relation to BSE in cattle and sheep, and scrapie in sheep.

8.6 The health targets in "The Health of the Nation" White Paper are a significant driving force behind the direction and content of the food nutrition programme. Research is currently directed to understanding the relationship between dietary components and cardiovascular disease and cancer and is important in the development of a sound basis for providing nutritional advice.

8.7 The pesticides research programme aims to ensure that the UK's system for approval of pesticides operates effectively and to minimise the risks associated with pesticide use. Studies address not only food safety issues, but also the protection of users, the environment and non-target organisms. Targets for pesticide risk reduction research include the development of management practices which reduce water contamination, and the creation of opportunities for the development of novel approaches to pest control.

8.8 Research on the prevention of flooding, and protection against coastal erosion also contribute to this aim. Research plays an important part in the development of improved coastal defences and Storm Tide warning systems.

To protect and enhance the rural and marine environment

8.9 MAFF's research programme contributes to many aspects of environmental protection. It seeks to inform Government policy on the potentially negative aspects of the impact of agriculture on the environment, as in the programmes on nitrates and phosphates, farm wastes, mineral restoration and emissions to air and water. Increasingly, it focuses on the positive aspects such as programmes for enhancing the environment through the Environmentally Sensitive Areas Scheme, the Countryside Stewardship Scheme, the Biodiversity Programme and the Farm Woodland Programme. In the marine environment, research includes work on the impact of offshore activities, such as gas and oil exploitation and sand and gravel extraction. Longer term work, for example on the impact of climate change, is also important.

To improve the economic performance of the agriculture, fishing and food industries

8.10 Research makes an important contribution to environmentally sustainable development and economic efficiency in these industries. Work on reducing inputs of chemicals, water and energy in the production of arable and horticultural crops will remain important. New breeding techniques and the application of molecular genetics are contributing to the development of crops with improved qualities, targeted to meet precise market and consumer requirements. These methodologies also have the potential to contribute to sustainable development in farming by delivering crop varieties which require fewer inputs, such as drought tolerant crops.

8.11 There is a growing organic farming research programme which not only underpins advice on conversion and organic standards but also on low input farming systems more generally. Work on non-food crops aims to exploit opportunities for renewable sourcing, particularly of energy but also of a range of industrial materials.

8.12 Research in the livestock area is aimed particularly at the development of sustainability and efficiency in the industry, and to ensure that the final products are of the high quality demanded by consumers, while assisting in meeting dietary targets established in "The Health of the Nation". In both marine fisheries and aquaculture, research helps the development of stock management measures, disease control, and in the maintenance of the sustainable resources.

8.13 In food processing, emphasis will continue to be placed on bringing industry and academia together in developing research, through LINK programmes. Research funding will also continue to be directed to technology transfer opportunities to encourage innovation and the development of best practice.

Industry involvement

8.14 In all the work directed to increasing efficiency, there is a growing emphasis on the importance of involving industry in planning and funding research from which it will ultimately benefit. LINK Programmes are already running on Agro-Food Quality, Advanced and Hygienic Food Manufacturing, Eating, Food and Health, Technologies for Sustainable Farming Systems, Horticulture, Aquaculture, and Sustainable Livestock Production. More are in the pipeline. Other collaborative schemes and co-operation with the levy bodies also increase industrial input in these areas.

Technology transfer

8.15 A number of initiatives across a range of programmes illustrate the importance attached to the transfer of new technology to end users. These include the development of decision support systems and computerised databases as well as support for workshops and demonstrations. The Regional Technology Transfer Centres, aimed particularly at small and medium sized enterprises (SMEs), also assist in this task as does the Teaching Company Scheme.

Chief Scientist's research programme

8.16 The Chief Scientist's budget is used primarily to finance strategic research and exploit promising scientific opportunities in all parts of the research programme, and for cross sectoral research such as soil science and the impact of genetically modified organisms. It also funds important collections of plant genetic resources, including the National Fruit Collection at Brogdale and the Vegetable Gene Bank at Horticulture Research International at Wellesbourne.

To protect farm animals

8.17 Research contributes to the development of Government policy on the protection of animal welfare, on the farm, during transport and at slaughter. Research on welfare friendly production systems, such as work on veal calves, remains important. In addition, research on the sustainable control of animal diseases, such as sheep scab, contributes to this aim.

Use of research results

8.18 It is important that the results of research are transferred effectively to those who can use them. Where research is used in the development or implementation of Government policy such as in food safety and environmental schemes it is rapidly picked up and used within the Ministry. Where the results are intended to contribute to sustainable development and the economic efficiency of industry, more effort is necessary to ensure effective technology transfer. Involving end users in planning and funding research ensures better targeting and therefore better take up.

8.19 MAFF places increasing emphasis on informing individual sectors on the outputs of research. It requires its contractors to publish and publicise their results, and encourages them to hold themed open days and to organise workshops. It is investigating the most effective ways of releasing data generated by its research. MAFF also continues to develop the communication routes for the information it provides on its research programme. Research Newsletters are now produced on environmental programmes, flood and coastal defence work, food safety and Food LINK. These have been very successful in increasing understanding of MAFF funded research and the role it has in the development of Government policy. A "Research" entry on the MAFF Website explains the programme and is the first step in presenting the MAFF's research to a wider public.

Results from research funded by MAFF

8.20 Long-term studies in animals have confirmed that the dietary constituent indole-3-carbinol, found in brassica vegetables, protects against liver cancer induced in rats by aflatoxin B1 when given either before or after the aflatoxins. This suggests that indole-3-carbinol, as well as decreasing the initiation of carcinogenesis, also has the capacity to suppress cancer promotion.

8.21 Measures are necessary to prevent poultry meat infected with the food poisoning organisms salmonella and campylobacter entering the food chain. Two different types of salmonella vaccine, aimed at preventing poultry from becoming infected have been developed by MAFF and are now being trialled by industry. Research has also identified the different routes by which these organisms can enter poultry flocks and has been used in the production of guidelines for poultry farmers on preventing infection.

8.22 A patch sprayer based on MAFF and LINK funded research will enable farmers to target herbicide and other pesticide sprays where they are most needed. This will allow the replacement of whole field blanket herbicide sprays with a spray strategy focusing on weed patches and help to reduce contamination of watercourses and protect non-target flora.

8.23 Routine genetic manipulation systems have been developed for commercial cultivars of vegetable brassicas, strawberries and roses to enable them to be improved by the introduction of specific genes, for example to enhance pest and disease resistance. Research on roses has demonstrated that transformation with the chitinase gene from rice can increase resistance to the damaging disease, blackspot, and reduce the need for garden pesticides.

8.24 Dolly was the first lamb to be produced by nuclear transfer using the nucleus of a cell derived from adult tissue. Nuclear transfer involves replacing the nucleus from an unfertilised egg with a nucleus from a cultured cell, growing as a "cloned" cell line, derived from an animal, in this case, a sheep. MAFF funded the research because of its potential to speed up the genetic improvement of livestock, although there are other applications of the technology, particularly in the study of human disease and treatment.

8.25 Research funded with industry has shown that milk can be produced with less saturated fat and more polyunsaturated fatty acids. This has been achieved by feeding cows on diets containing natural forage ingredients that are protected as they pass through the rumen. This also produces butter that spreads straight from the fridge.

8.26 A LINK research project has modelled the temperature of chilled foods during distribution and led to the development of a practical tool for refrigerated vehicle design, and for day to day planning of food delivery schedules. The technology is being commercialised and will be particularly useful for small food manufacturers.

8.27 A computer system has been developed which assists farmers to assess, at an individual farm level, the environmental impact of their decisions. The main areas considered are pesticides, nitrate leaching, farm waste pollution, soil erosion, animal welfare, habitat conservation and energy efficiency. Farmers will be able to enter key details about their farm and receive an analysis of its environmental impacts. The system incorporates an information package with on-line advice on the Codes of Good Agricultural Practice and legislation.

8.28 Specialised instruments, termed lander minipods, developed with MAFF funding, have been placed on the bed of the North Sea to study the effects of sand and gravel dredging on bottom dwellers, such as valuable stocks of crabs. The minipods measure light levels, current speed and direction and automatically collect samples of water for assessment. Results will help resolve conflicts between fishermen and dredger operators, and encourage dredging practices that take account of environmental impact.

Table 8.1: MAFF research funding by Programme

(£'000)		Estimated Outturn	Plans
Programme Title		1997-98	1998-99
AW1:01	Farm Animal Welfare	4028	4078
CE1:03	Set-aside	225	275
CE1:10	Cereals	5706	5489
CE1:11	Oilseeds and other arable crops	1685	1635
CE1:20	Beef	1008	1208
CE1:21	Sheep	2891	2899
CE1:22	Pigmeat	1124	1230
CE1:23	Eggs and poultry	1190	1090
CE1:24	Milk and milk products	2992	2721
CE2:01	Potatoes	947	972
CE2:02	Horticulture	11255	11301
CE2:03	Alternative Crops	1017	1137
CE2:11	Improved marketing	3088	3138
CE2:20	Plant varieties and seeds	367	367
CE2:22	Organic farming	1044	1139
CE2:30	Conservation of Sea Fish Stocks	3783	3783
CE2:32	Fish Farm & Shellfish Production	2752	2752
CE2:40	Rural Economy	102	102
CE2:41	Land use	53	53
CE2:43	Science Policy	10214	7917
CE3:01	Animal Disease Control	5928	5928
CE3:02	Plant health	818	798
PP1:01	Food Safety	6944	6958
PP1:02	Food Hygiene	4103	4004
PP1:04	BSE and Scrapie	8635	6302
	Additional funding for BSE	4000	4000
PP1:05	VMD	1739	1939
PP1:06	Pesticides	8389	8010
PP1:07	Radiological Protection	942	900
PP1:08	Food Quality	6622	6622
PP1:09	Fertilisers/Feedingstuffs Standards	80	88
PP2:01	Zoonoses	4404	4395
PP4:01	Flood and coastal defence	2829	2579
RE2:01	Environment Protection - nutrients	5233	4543
RE2:02	Environment Protection - general	3946	4374
RE2:03	Salmon Whaling & Inland Fisheries	638	638
RE2:04	Aquatic Environment	4631	4631
RE3:01	ESA & Countryside Stewardship	1654	1815
RE3:02	Wildlife Conservation & Crop Residues	826	653
RE3:03	Farm woodlands	871	886
RE3:04	Countryside Management	1311	1251
	PES reduction yet to be allocated		-250
	GRAND TOTAL	130,214	124,350

Additionally, £1.556m will be paid to CSL as a facilities charge in 1997/98

Central Science Laboratory (CSL)

Programme Code: EA1:02

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
Administration Costs	24,323	24,323	30,671
Receipts	-25,849	-25,849	-32,286
of which from core-MAFF	-20,829	-20,829	-28,507
from other agencies	-3,546	-3,247	-3,022
Net Administration Costs	-1,526	-1,526	-1,525

The increased costs to the Department reflect the Treasury's introduction of capital charging from 1 April 1998.

9.1 CSL's main objective is to provide advice, technical and enforcement support, underpinned by appropriate R&D, to enable MAFF's customers to meet the Department's aims in relation to food safety, safeguarding the food supply and protecting the environment. The income from MAFF customers represents 86% of CSL's turnover in 1997-98 with the remainder being generated from levy bodies, other Government Departments and the wider public and private sectors.

9.2 CSL first became an Agency on 1 April 1992 and two years later was re-launched as an enlarged Agency following its merger with MAFF's Food Science Laboratories at Norwich and Torry. CSL has operated under a net running cost control regime since 1 April 1994.

9.3 Collocation of the majority of CSL's sites to a new purpose-built laboratory complex near York commenced in September 1996 and was completed in the summer of 1997, with the new site being opened by the Minister on 22 October 1997. The relocation was successfully completed with a minimum of disruption to the science programme. The average down time for science teams was three weeks representing a significant achievement for a specialist laboratory move. Key staff moved with the Agency to York and CSL has successfully recruited high quality staff for the remaining complement of scientific and support posts, allowing the new laboratory to be fully functional in a short space of time. Following the collocation, CSL now operates on two major sites at York and Norwich and with the new world-class facilities is equipped to meet the needs of the Department in the decades ahead. Non-recurring costs associated with the relocation are accounted for under a separate Programme, EA1:07 (below).

9.4 CSL is recognised as an Investor in People and is also a member of the British Quality Foundation. During the autumn of 1997, CSL undertook an assessment against the Business Excellence Model, the second assessment since the Agency was established. This assessment was conducted under the auspices of the Agency Benchmarking Project being run centrally by the Cabinet Office and designed to compare and improve Agency performance.

9.5 Key performance targets for 1997-98 are:

(a) 100% recovery of full costs after allowing for relocation costs;
(b) to achieve a net cash allocation as agreed by MAFF;
(c) 1% improvement in utilisation of productive time;
(d) at least 90% of work completed to time and within budget;
(e) achieve a mean score of 3 on a scale of 0 to 5 for the assessment of customer satisfaction using the established methodology; and
(f) proportion of project milestones achieved to be at or greater than 82% (MAFF's commissioned projects).

9.6 CSL met six out of the seven key targets set for 1996-97. The target in relation to PES was not met as a result of the cash financial position changing during the year compared to the original plan, reflecting the implications of the relocation and the delayed closure of old sites.

Table 9.1: CSL performance against key targets 1996-97

Performance Target	Target	Result
Recovery of full costs after allowing for relocation costs	94%	95%
To comply with the budgetary controls resulting from the Public Expenditure Survey (PES) and the supply estimates	Not achieved	
Improvement in utilisation of productive time	1%	2%
Achieve ratio of 54% overheads to total costs by 31 March 1997	Achieved	
Work completed to time and within budget	90%	99%
Assessment of customer satisfaction (Scale 0 to 5)	3	3.77 for MAFF customers; 4.17 for non MAFF customers.
Proportion of milestones achieved (MAFF commissioned projects)	82%	83%

9.7 Despite the disturbances of relocation, CSL has still shown a steady improvement in the key areas of performance assessed in the annual Customer Satisfaction Survey. In addition, closer working partnerships are being developed between the customer and the CSL project team to ensure efficient project management and quality customer service. A revised CSL Charter document was published on 10 February 1998 setting out our commitment to improving customer service through the Citizen's Charter principles. No formal complaints were received during the year.

9.8 CSL appointed a Commercial Director on 22 September 1997 to focus a long term Business Development strategy throughout the Agency. The strategy will seek to expand the customer base and to strengthen the long term viability of the Agency against the continuing pressures on public expenditure and an increasingly competitive environment for science funding.

9.9 The future strategy will be to exploit the excellent facilities at the new laboratory. An important element will be to build on the scientific collaboration with other members of the York Bioscience Initiative and with other research institutes across the EU to take advantage of the opportunities provided by the Fifth Framework Programme.

9.10 The Agency's fifth Annual Report and Accounts were published on 28 July 1997. Copies may be obtained from The Stationery Office Bookshops, price £11.40.

CSL Co-location

Programme Code: EA1:07

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
Administration Costs	370	–	–

9.11 During 1996 CSL moved from a number of major sites to a purpose-built laboratory near York. This Programme covers the residual costs of the relocation project.

9.12 From 1 April 1996 the CSL Co-location budget was transferred to CSL. It remains a core-Ministry budget with the CSL's Chief Executive as Senior Budget Centre Manager.

Veterinary Laboratories Agency (VLA)

Programme Code: EA1:03

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
Scheme Costs	18	19	18
of which payments to other agencies	18	19	18
Administration Costs	38,556	38,556	45,222
Receipts	-44,794	-43,994	-50,660
of which from core-MAFF	-32,557	-32,557	-36,427
payment for additional BSE services	-2,336	-2,336	-2,336
from other agencies	-1,599	-1,599	-1,599
Net Administration Cost	-6,238	-5,438	-5,438

The increased costs to the Department reflect the Treasury's introduction of capital charging from 1 April 1998.

9.13 VLA was launched as an Executive Agency on 1 October 1995. It was created as a result of a review of the Animal Health and Veterinary Group which recommended the merger of the Central Veterinary Laboratory (CVL), already an Agency since April 1990, with the network of Veterinary Investigation Centres (VICs), formerly part of the integrated Veterinary Field and Investigation Services.

9.14 VLA's aim is to be the primary supplier of specialist veterinary advice to MAFF based on sound investigation and surveillance, laboratory testing and research. It also offers these services to other public and private sector organisations on a commercial basis. It operates a network of laboratories in England, Wales and Scotland supported by a central facility at Weybridge, Surrey.

9.15 1996-97 was the VLA's first full year as a new enlarged Agency. Many of the benefits of the merger have been realised with some initial rationalisation of the business taking place and more planned for the future. VLA remained at the centre of the beef crisis as the lead veterinary research institute working on Transmissible Spongiform Encephalopathies, with an extensive programme of research principally into BSE but increasingly into scrapie. Work continued in the VLA's other major research areas such as Tuberculosis, Food Borne Zoonoses and Rabies and over 4.5 million diagnostic tests were carried out in the laboratory services area.

The targets for 1997-98 are:

- (a) recovery of full costs of the Agency,
- (b) an overall efficiency gain of 3%,
- (c) 85% of ROAME milestones achieved,
- (d) achievement of a satisfactory report from a Visiting Group, and
- (e) achievement of laboratory accreditation in the Tissue Culture Section in the Virology Department, the Lasswade Laboratory and the Veterinary Investigation Centres.

9.16 The Agency operates on a net running cost basis and its performance is monitored by key financial and other targets. The 1996-97 targets and achievements were:

Table 9.2: VLA Performance against key targets 1996-97

Performance Target	Target Set	Achievement
Recovery of full economic costs of Agency	100%	100%
Overall efficiency gain	3%	3%
R & D milestones met	85%	85%
Service Quality	1. Satisfactory report from a Visiting Group. 2. Laboratory accreditation for Bacteriology (Salmonella and E.coli serotyping) and extension to Analytical Chemistry Unit	1. Achieved 2. Extended accreditation of Analytical Chemistry Unit achieved. Units within Bacteriology are awaiting the results of their quality review.

9.17 Application of the principals of the Citizen's Charter to the Agency are overseen by the recently established Customer Services Unit. A Service Statement, setting out response times and avenues of complaint, is currently under revision. Annual customer satisfaction surveys are carried out and the results published in the VLA Annual Report.

9.18 In 1997-98 VLA will embark on a change programme so that the service it provides is more focused to MAFF's requirements. This will involve restructure around three scientific departments, delivering Surveillance, Laboratory Services and Research respectively. The VLA formally committed to Investors in People in November 1997 and plans to become an Investor in July 1999.

9.19 The Agency's 1996-97 Annual Report and Accounts, and Annual Review and Marketing Brochure may be obtained direct from the Business Development Unit at VLA, New Haw, Addlestone, Surrey, KT15 3NB.

Pesticides Safety Directorate (PSD)

Programme Code: EA1:04

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
Scheme Costs	3,044	3,059	2,994
of which payments to other agencies	2,917	2,605	2,605
Administration Costs	6,652	6,652	6,698
Receipts	-11,890	-11,890	-11,890
of which from core MAFF	-4,950	-4,950	-4,950
Net Administration Costs	-5,238	-5,238	-5,192

The 1997-98 Planned "payments to agencies" figure includes a payment to ADAS. However, as a result of the privatisation of ADAS on 1 April 1997, the only element of that payment to appear in the "payments to agencies" figures for 1997-98 Estimated Outturn and 1998-99 Plans is that made to FRCA (if any) which was established to provide the services which could not be placed in the private sector.

9.20 PSD is responsible for controlling the sale, supply, storage, advertisement and use of pesticides, implementing post-approval controls over pesticides and providing policy advice to the Minister on matters concerning pesticides. It receives funding from MAFF for its policy work from Programme PP1:06. The balance of its receipts is received from the agrochemical industry.

9.21 PSD was established as an Agency on 1 April 1993. It operates under gross running cost control arrangements. Its key performance targets for 1997-98 are to:-

- (a) achieve full cost recovery,
- (b) operate within the net cash allocation as agreed by MAFF's Management Board,
- (c) meet a range of specific targets for delivery of the various types of application for pesticide approvals,
- (d) deliver high quality scientific work,
- (e) deliver high quality policy advice,
- (f) carry out a Customer Satisfaction Survey and achieve a satisfactory result, and
- (g) attain IIP accreditation by October 1997.

9.22 The Agency met all of its high level performance targets for 1996-97.

Table 9.3: PSD Performance against key targets 1996-97

Performance Measure	Target	Result
Cost recovery	100%	Achieved
Comply with budgetary controls	Effective budgetary control	Achieved
Overall efficiency gain	3%	6.6%
Processing of applications:		
– throughput	1,466	103%
– processing times	85%	97%
application streams		
Quality science	Maintain high quality science work	Achieved
Quality policy advice	Maintain high quality policy advice	Achieved

9.23 PSD has continued to develop European systems in conjunction with the Commission and other Member States and, in partnership with the German Registration Authority (BBA), continues to organise Expert Working Group meetings on behalf of the Commission. PSD's work flows will in the future be increasingly influenced by the requirements of the EU regime.

Improvements in Customer Service

9.24 During 1996/97 approvals processing targets were exceeded by 3% in terms of throughput and 97% of applications were on time against a target of 85%. The levy rate charged to industry was reduced for the fourth consecutive year and a new procedure to notify applicants of progress at key points in the evaluation of applications was introduced.

9.25 PSD published its Customer Service Statement in the summer of 1994.

9.26 PSD's Annual Report and Accounts for 1996-97 were published on 14 August 1997. They can be obtained from The Stationery Office Bookshops, price £10.30, or from PSD, Mallard House, Kings Pool, 3 Peasholme Green, York YO1 2PX.

Veterinary Medicines Directorate (VMD)

Programme Code: EA1:05

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
Administration Costs	7,326	7,326	7,059
Receipts	-7,957	-7,957	-7,690
of which from core MAFF	-2,688	-2,688	-2,510
Net Administration Costs	-631	-631	-631

9.27 VMD is responsible to the Agriculture and Health Ministers for the authorisation and controls on the manufacture and marketing of veterinary medicines. It undertakes surveillance of suspected adverse reactions to veterinary medicines, monitors residues of veterinary medicines in meat and animal products, and provides policy advice to Ministers and support to MAFF on matters concerning veterinary medicines.

9.28 VMD is required to recover the full costs of its activities from its customers. This is achieved through fees charged to the veterinary pharmaceutical companies applying for authorisation of their products and to the slaughterhouse industry for statutory residues surveillance. Policy advice and other support is charged to MAFF.

9.29 VMD recovered all its costs in 1996/97 and determined all new applications for Marketing Authorisations within the agreed clock target times.

9.30 A number of reports were received during the year of suspected adverse reactions to an ectoparasiticide for dogs and cats called Droplix. VMD notified the company who identified a manufacturing fault with several batches of the product which were consequently withdrawn from the market.

9.31 VMD took its first steps this year to being recognised as an Investor in People (IIP). Close links were established with Surrey Training and Enterprise Council and a VMD working group was set up to develop an IIP action plan. The Chief Executive made the VMD's formal commitment to seeking IIP accreditation on 4 March 1997.

9.32 A number of options for long term solutions to VMD's accommodation problems were also considered this year. Agreement was reached to put up a new purpose built office block adjacent to VMD's temporary offices. The Private Finance Panel Executive acknowledged that it would not be appropriate to fund this project through the Private Finance Initiative. The costs of the new building will be recovered through an increase in the charges made to VMD's customers, including MAFF. The new building started in September 1997. It is anticipated that it will be available for occupation in late summer/early autumn 1998.

9.33 In 1996-97, VMD fully met three of the five performance targets set for it and partially met one other.

Table 9.4: VMD performance against key targets 1996-97

Performance Target	Target	Achieved
1. To achieve full cost recovery for the three business areas of licensing, policy work and residue monitoring		
Cost recovery for licensing business	100%	103.5%
Cost recovery for policy business	100%	102.8%
Cost recovery for residues business	100%	101%
2. To determine 80% of new licence applications within 120 clock days, 95% within 200 clock days		
Applications determined within 120 clock days	80%	82%
Applications determined within 200 clock days	95%	99%
3. To achieve an overall efficiency gain of 3%		
Efficiency gain	3%	-8.5%
4. To comply with the budgetary controls resulting from the Public Expenditure Survey (PES) and Supply Estimate	Compliance	Target Met
5. To determine 90% of all renewals and variations outstanding by 31 December 1996.....	90%	54%[1]
.....and to introduce new internal targets for processing renewals and variations received from 1 October 1996	Introduction of internal targets	Target met

[1]Up to 31 December 1996 the VMD had worked on 92% of renewals and variations outstanding at 1 April 1996: 54% of these were fully determined before 31 December. It was not possible to complete work on the remaining 38% during that time because essential data on safety, quality and efficacy which had been requested from the applicants was still awaited.

9.34 For 1997-98 the key performance targets for VMD are:

Financial Performance

- (a) To recover from industry and Government full cost recovery for the three business areas of licensing and surveillance, policy work and residues, and
- (b) to operate within the net cost allocation as agreed by the MAFF Management Board;

Quality of Service

- (a) to deliver high quality policy advice to Ministers,
- (b) to deliver high quality scientific assessment work,
- (c) to determine 80% of new marketing authorisations within 120 clock days and 95% within 200 clock days,
- (d) to ensure that the first assessment of variations outstanding for more than 75 clock days on 1 April 1997 is completed by 31 October 1997 and that a first assessment of renewals outstanding for more than 90 days on 1 April 1997 is completed by 31 December 1997 and to ensure that first assessment for variations and renewals arriving after 1 April 1997 are completed within 75 and 90 clock days respectively, and
- (e) to meet target timescales for centralised, decentralised and MRL applications under EU procedures.

9.35 As part of VMD's continuing commitment to improve the quality of service to its customers, it continued to work to standards set out in its Customer Service Statement. Although VMD is excluded from participating in the Citizen's Charter as it does not deal directly with the public, it continued to apply the principles of the Charter in all of its activities.

9.36 During the year the new Government published proposals for a Food Standards Agency in the James Report. These could have important implications for VMD and its work. VMD was actively involved this year in the follow up to the James Report leading to the Government's White Paper.

9.37 Full details of VMD's activities and future plans are available in its publications i.e. Annual Report and Accounts, Annual Residues Surveillance Report, Corporate Plan, Brochure and the Medicines Act Veterinary Information Service (MAVIS), its quarterly newsletter. The Annual Report and Accounts 1996-97 can be obtained from Stationery Office Bookshops priced £11.80. The other publications can be obtained from VMD, Woodham Lane, New Haw, Addlestone, Surrey KT15 3NB.

Meat Hygiene Service

Programme Code: EA1:06

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
Administration Costs	64,187	64,187	61,117
Receipts	-63,475	-63,475	-60,736
of which from core-MAFF	-25,522	-25,522	-21,955
SBM enforcement measures	-25,269	-25,269	-21,590
from other agencies	-532	-532	-496
Net Administration Costs	712	712	381

9.38 The Meat Hygiene Service (MHS) was established as an Executive Agency on 1 April 1995 and enforces meat hygiene, animal welfare at slaughter legislation in licensed fresh meat premises in Great Britain. The aim is to safeguard public health and animal welfare.

9.39 MHS is required to recover the full costs of its activities from its customers. This is achieved partly through charges to industry for services undertaken by MHS inspection and veterinary staff and partly through charges to MAFF and other Agencies for work on the enforcement of Specified Risk Material (SRM) controls on cattle, sheep and goats.

9.40 MHS continues to play a critical role in safeguarding public health. Hygiene levels continue to rise rapidly in plants. MHS continues to implement promptly and rigorously all new legislation and Ministers' instructions.

9.41 The legality of certain aspects of MHS charges, challenged through the "Woodspring" case, was upheld by the European Court of Justice (ECJ) in April 1997. The great majority of customers delaying payment prior to the outcome of this case have now paid their arrears.

9.42 The increase in estimated receipts for 1998/99 reflects the increased European-wide enforcement activity on SRM in sheep and goats.

9.43 Key performance targets for 1997/98 are:

- (a) to take all necessary measures to ensure that the slaughterhouse industry complies fully with all legislation applying to specified risk material,
- (b) to review the guidance on HAS scoring,
- (c) to train all staff in hygiene,
- (d) to raise HAS scores so that by the end of 1997/98 at least 90% of all abattoirs are achieving HAS scores of more than 65,
- (e) to implement the MHS Clean Livestock Policy,
- (f) to implement a strict prohibition on faecal contamination,
- (g) to achieve full cost recovery, and
- (h) to comply with cash constraints.

9.44 MHS operates under gross running cost control and its performance is monitored by key financial and other performance targets. As in 1995/96, its first year of operation, the Agency achieved all of its performance targets in 1996/97. These are summarised as follows:

Table 9.5: MHS Performance against key targets 1996/97

Performance Measure	Target	Result
Full cost recovery	100%	100%
Comply with cash controls	£10.2m	(£5.8m)
Achieve 3% improvement in ratio of overhead to total costs	3%	9%

9.45 In addition MHS has met its obligation to ensure full compliance with all legislative requirements applying to specified risk material; ensured the animal welfare and slaughter/processing provisions are enforced fully in slaughterhouses; raised Hygiene Assessment System (HAS) scores in all slaughterhouses so that two thirds had a HAS score of at least 65 by March 1997; provided a formal animal welfare training programme for all inspection and veterinary staff; and carried out a Customer Satisfaction Survey.

9.46 The Agency has published its Customer Service Statement setting out the level of service it will provide.

9.47 MHS's Annual Report and Accounts for 1996/97 was published on 14 July 1997. The report can be obtained from Stationery Office Bookshops, price £13.70, or from MHS, Foss House, Kings Pool, 1-2 Peasholme Green, York, YO1 2PX. Further details of MHS's activities are available also in its Business and Corporate Plans. These may be obtained from MHS.

Farming And Rural Conservation Agency (FRCA)

Programme Code: EA1:08

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
Administration Costs	18,314	18,314	19,149
Receipts	-20,416	-20,416	-20,660
of which from core-MAFF	-16,245	-16,245	-18,940
of which from WOAD	-3,071	-3,071	-1,720
Net Administration Costs	-2,102	-2,102	-1,511

The 1997-98 figures exclude the staff costs of the Land Use Planning Unit which transferred to FRCA on 1 April 1997.

9.48 FRCA was established as a joint MAFF/Welsh Office Executive Agency on 1 April 1997. It provides services to Government for the design, development and implementation of policies on the integration of farming and conservation, rural land use and the diversification of the rural economy. FRCA's Framework Document and Corporate Plan were published on 1 April 1997.

9.49 The majority of FRCA staff have been drawn from the former ADAS Executive Agency (which was privatised on 1 April 1997) to undertake work which could not be contracted to the private sector. The Agency has a small headquarters in London and operates from a number of offices across England and Wales.

9.50 FRCA provides professional, scientific and technical services as requested by the Government in pursuit of its statutory and policy objectives and provides intelligence and strategic policy advice to meet current and future needs. Memoranda of Understanding (MoU) have been agreed with all of the Ministry's customer divisions and with the Welsh Office Agricultural Department (WOAD) covering the volume and price of services to be delivered in 1997/98. FRCA is required to recover the full cost of its services from its customers. It operates under a net running cost control.

9.51 The Agency's targets for 1997/98 are:

- (a) to recover from Government Departments and Agencies the full economic cost (calculated according to accruals accounting) of its services,
- (b) to operate within the net cash allocation as agreed by the MAFF Management Board,
- (c) to deliver a 3.9% cost saving compared with 1996/97 baseline,
- (d) to complete 90% of work to time and within budget, and
- (e) to complete 98% of work to quality standards agreed with MAFF and WOAD customers.

9.52 FRCA has published a Citizen's Charter Standards Statement and has made a commitment to achieve IIP status during 1999.

9.53 A review of the Agency's reward and performance management arrangements started in September 1997. The aim is to implement new systems in 1999.

9.54 Copies of the Agency's Framework Document and Corporate Plan are available from FRCA, Nobel House, 17 Smith Square, London SW1P 3JR. The FRCA first Annual Report and Accounts will be published in July 1998.

Centre for Environment, Fisheries and Aquaculture Science (CEFAS)

Programme Code: EA1:09

	Planned	Estimated Outturn	Plans
£'000	1997-98	1997-98	1998-1999
Scheme Costs	48	48	–
of which payments to other agencies	18	–	–
Administration Costs	18,478	18,478	20,427
Receipts	-23,500	-23,500	-25,816
of which from core MAFF	-21,958	-21,958	-14,316
from other agencies	-91	-91	-15
Net Administration Costs	-5,022	-5,022	-5,389

The 1997-98 Planned "payments to agencies" figure includes a payment to ADAS. However, as a result of the privatisation of ADAS on 1 April 1997, the only element of that payment to appear in the "payments to agencies" figures for 1997-98 Estimated Outturn and 1998-99 Plans is that made to FRCA (if any) which was established to provide the services which could not be placed in the private sector.

The increased costs to the Department reflect the Treasury's introduction of capital charging from 1 April 1998.

9.55 CEFAS provides quality scientific services to MAFF and other customers, in the fields of:

- (a) fisheries science and management,
- (b) aquaculture and fish health, and
- (c) environment protection

in order to enhance the protection of the public, the conservation of the aquatic environment and the rational management of natural resources.

9.56 About 89% of CEFAS' work is undertaken for MAFF, with 11% derived from other UK and international Government Departments, the EU, and private sector organisations. CEFAS operates under gross running cost control.

9.57 CEFAS became an Agency on 1 April 1997. A review of the management structure was completed, endorsed by the Ownership Board and implemented on 1 October 1997. This structure includes the setting up of three science groups (Fisheries Science and Management, Aquaculture and Health and Environment) together with five support units (Business Development, Finance, Business Support, Establishment Support and Marine Survey). With the new management structure in place, a job evaluation exercise was undertaken.

9.58 Progress was made on two major initiatives, the provision of future Research Vessel services and a review of the Agency's estate. Due to changing circumstances, a reappraisal of the case for the Private Finance Initiative (PFI) for replacement and operation of research vessel facilities was carried out. This concluded that PFI no longer offered the best value for money. Consideration is being given to the design and build of a new vessel funded directly by MAFF. The estate review has progressed with the aim of identifying long-term requirements, which may lead to a reduction in the number of sites occupied by CEFAS. A final recommendation is expected during 1998.

9.59 Accreditation to Good Laboratory Practice (GLP) for veterinary medicines in aquaculture was achieved in September 1997.

9.60 CEFAS Performance Targets for 1997/98 are;

- (a) Financial targets;
 1) To recover from Government Departments and Agencies and external customers the full economic costs (calculated according to accruals accounting) of its services,
 2) To operate within the net cash allocation as agreed by the MAFF Management Board,

- (b) Efficiency Gains;
 To achieve the savings forecast in the Efficiency Plan,

- (c) Delivery of Service;
 To give satisfaction to its customers in the way that outputs are provided taking account of the relevance, timeliness and value for money of outputs and the achievement of ROAME milestones,

- (d) Quality of Science;
 To maintain a high standard of excellence, based on indicators of scientific and technical quality.

9.61 The CEFAS Charter, setting out the level of service CEFAS provides, was published in February 1998. CEFAS staff in the Fish Health Inspectorate also work to a Charter produced by the MAFF and WOAD, entitled 'The Fish Health Inspectorate & You'.

9.62 CEFAS' performance will continue to be monitored against performance targets. In particular a Visiting Group will assess the quality of the Agency's science, and CEFAS will undertake a customer satisfaction survey to identify where improvements can be made and work with customers to ensure that their requirements are fully understood and that best value for money is obtained.

9.63 For 1998/99, CEFAS will continue to pursue the replacement of research vessel facilities and implement the conclusions of the estate review. Formal commitment to Investors in People is planned for April 1998. CEFAS aims to increase the proportion of income derived from non-MAFF customers whilst ensuring that this work complements and enhances the services to MAFF.

9.64 CEFAS will publish its first Annual Report and Accounts for the year ending 31 March 1998. This will be available from CEFAS, Pakefield Road, Lowestoft, Suffolk NR33 0HT.

ADAS

Programme Code: EA1:01

9.65 Following the privatisation of ADAS on 1 April 1997 Programme Code EA1:01 was closed.

9.66 The publication of the ADAS 1996-97 Annual Report and Accounts has been delayed pending completion of outstanding accounting work relating to the privatisation.

Mission Statement and Aim.

The overall purpose of the IB is set out in its Mission Statement which is:

The Agency will fund, account for and operate aspects of the European Community's Common Agricultural Policy in the UK, giving value for money to UK and EU taxpayers and a quality service to our customers.

The IB's published aim is:

To operate the Common Agricultural Policy Guarantee Section within the UK as economically, efficiently and effectively as possible in accordance with the policies laid down by Agriculture Ministers.

CAP Market Support and IB Administration Costs

£'000	Planned 1997-98	Estimated Outturn 1997-98	Plans 1998-1999
CAP Market Support (UK) programme expenditure	3,592,272	3,402,987	3,208,127
of which:			
IB BSE	842,159	820,579	590,739
IB Non-BSE	523,752	464,294	475,183
Other UK paying agencies*			
BSE	0	4,088	0
Non-BSE	2,226,361	2,114,026	2,142,205
Receipts from the EU	-3,224,480	-2,901,437	-2,933,543
of which: BSE	-561,911	-520,978	-367,000
IB Administration Expenditure			
Gross Running Costs	55,085	62,148	57,590
Capital	1,767	2,730	1,883
Appropriations-in-Aid receipts: (milk quotas charges; other receipts)	-487	-436	-495
Net Administration Costs	56,365	64,442	58,978
of which: net BSE increase	13,394	21,677	13,087
Consolidated Fund Extra Receipts: (recovery of legal costs; other receipts)	-50	-50	-50

* Other UK paying agencies:
Ministry of Agriculture, Fisheries and Food, Welsh Office, Scottish Office Agriculture Environment and Fisheries Department, Department of Agriculture for Northern Ireland, Forestry Commission, Countryside Council for Wales.

Introduction and Key Features of Year

10.1 The Intervention Board (IB) is an Executive Agency and is the UK Government Department responsible for receiving and accounting for the European Union's Common Agricultural Policy (CAP) Guarantee Funds. As well as being the UK funding agency and the UK Co-ordinating Body in respect of EAGGF financial control arrangements, it is one of the seven UK paying agencies approved to implement the various CAP Guarantee schemes which regulate the market in agricultural products.

10.2 The main work of the IB continues to be the provision of price support to food producers, processors and traders, and includes the buying, storing and selling of intervention products, issuing and monitoring export licences and also supporting a wide range of agricultural products. The implementation of the measures introduced in connection with the Bovine Spongiform Encephalopathy crisis continues to make substantial demands on the IB's resources both in terms of increased staffing requirements and programme expenditure.

Key features of the year include:

a) Review of the IB's objectives.
b) Major running costs efficiency exercise as part of the Governments Comprehensive Spending Review.
c) Review of IT strategy and requirements.
d) Setting up a Business Excellence Unit and commencing a benchmarking exercise.
e) Commencement of the final phase of rationalisation of the Reading Estate.
f) Substantial enlargement of the Anti-Fraud and Scrutiny Units.

Comprehensive Spending Review

10.3 Along with all other Departments, the IB was required to review its spending programmes to determine how best they could contribute to the Government's overall policy. This included the scope for increasing efficiency, making better use of assets and for making use of public/private partnerships. The report's initial findings were that there was potential to deliver further efficiencies, that the disposal of the IB's limited assets was not expected to provide any immediate benefit and should be reviewed after 12 months, and that further use of public/private partnerships should form part of a wider review of business needs.

10.4 In view of the common ground between the Ministry and the IB it was proposed that the two departments objectives should be reviewed to provide greater transparency and consideration should also be given to what organisational changes might be necessary to deliver the revised objectives efficiently and economically. The IB participated in the main group and separate working groups reviewing CAP policy and the administration of that policy.

IB Objectives And Key Performance Targets

10.5 During the year the IB revised its objectives to focus more clearly on key functions and provide for their evaluation in financial terms. The revised objectives are:

- a) to implement all Agency schemes in the most cost efficient and operationally effective manner.
- b) to account accurately and in good time to the European Commission, European Court of Auditors, UK Parliament and Exchequer for CAP expenditure, and to obtain appropriate vote provision and EAGGF reimbursement.
- c) to implement in the IB a range of controls and checks (anti-fraud, verification, scrutiny and audit) appropriate to the requirements of the UK Parliament and EU institutions.
- d) to co-ordinate effectively the operations and funding in respect of UK paying agencies.

In delivering these objectives, the IB's overall principles and approach will be to:

- Manage and develop staff effectively and fairly within the Investors in People (IiP) standards, and provide enhanced opportunity and a suitable, safe and healthy environment so as to enable them to meet the IB's objectives. To at all times deliver a service to customers achieving the standards laid down in the Citizen's Charter.

10.6 The IB has eight key performance targets which are reviewed annually with Treasury and endorsed by Ministers. These are included in the IB's Annual Report and Accounts together with information on capital assets. The IB's longer term strategic objectives and the means of progressing towards them are set out in IB's Corporate Plan 1996-97 to 2000-01. Copies of both the Corporate Plan and the Annual Report are held in the libraries of both Houses of Parliament.

Finance and Accounting

10.7 The IB's vote (Class III Vote 1 of the Supply Estimate) covers financial provision for non-BSE CAP related programme expenditure (which is largely reimbursed by the EU), BSE related programme expenditure (which is partly EU funded), and administration expenditure covering both BSE and non-BSE related work (which is Exchequer funded and cash limited). Details of the expenditure and forecasts are summarised at Annexes 1, 3 & 5.

10.8 There was a £103m (3.9%) increase in non-BSE related programme expenditure in 1996-97 over 1995-96. This was largely due to increases in expenditure because of the higher rate set for advance payments under the livestock premia schemes and some increase in animal numbers, and increased intervention activity in the milk products sector. The current forecasts for 1997-98 and 1998-99 requires overall programme expenditure of £2,578m and £2,617m respectively. These latest forecasts reflect a reduction over current baselines due largely to £green revaluations, and rate reductions in connection with the farm based livestock premia.

10.9 BSE related programme expenditure falling on the IB vote amounted to £1332m in 1996-97. In 1997-98 and 1998-99 it is forecast to reduce to £825m and £591m respectively as schemes stabilise and some end.

10.10 Administration expenditure in 1996-97 amounted to £58.1m, an increase of £18m over 1995-96. This expenditure covers the IB's running costs and the use of agents to enforce the necessary controls and checks on all aspects of its field work. BSE related expenditure in 1996-97 amounted to £19m. Current forecasts suggest that overall administration costs are likely to increase to £66m in 1998-99. A significant proportion of this expenditure (32%) relates to the use of agents.

10.11 Following the introduction of a new Integrated Accounting System, there were difficulties which resulted in a delay in the production of the IB's annual accounts. The IB failed to meet its internal targets for the completion of both its Agency account and its Appropriation Accounts but both were submitted by the regulatory deadline. The outcome of the NAO audit of the IB's Appropriation account was a qualified audit certificate. This was on the basis of the limited evidence available at the time to support the accuracy and reconciliation of the books of account. In spite of this NAO were of the view that all receipts and expenditure passing through Paymaster had been recorded in the Integrated Accounting System. The NAO was also able to undertake considerable work on the testing of individual expenditure transactions with generally satisfactory results. During the year the IB was also required to submit certified accounts to the EU in respect of CAP payments.

10.12 Work continued on various developments associated with the introduction of Resource Accounting and Budgeting including output and performance measurement. The IB participated with Treasury in a pilot scheme to convert the Public Expenditure Survey to a resource-basis and to provide for an improved cash management system. Staff training across all grades was provided to ensure that the distinction between accruals and cash is fully understood.

10.13 The Intervention Board Audit Committee continued to review the IB's functions in relation to its accounts, internal control systems and internal and external audit.

Co-ordination

10.14 The IB as the UK Co-ordinating Body continued to promote the harmonised application of EU texts and guidelines within and across the UK paying agencies. It chaired a number of Harmonisation Committee meetings involving representatives from all 7 of the UK Paying Agencies. In particular, emphasis was placed on IT security, risk analysis and enhancement of control planning.

Scheme Activities

External Market

10.15 The export ban on UK beef and beef products continued to have an impact on the work of External Trade Division. Besides the absence of export refund claims for beef, there was a reduction in pigmeat, eggs and poultry exports, as traders continued to fill the gap in the internal market caused by the decline in the consumption of beef with other products.

10.16 The Commission's temporary suspension of advance fixing of export refunds became a regular feature of WTO quota management, particularly in the milk sector. This caused additional administrative effort. General levels of import licensing activity continued to rise especially in the fruit and vegetables sector.

Internal Market

Intervention Buying.

10.17 The buying of **beef** into intervention resumed in April 1996 and continued throughout 1997, although at slowly reducing levels. Whilst the ban on UK exports remains, there appears little prospect of substantial sales although some interest was shown in sales for processing in the latter part of the year. Some intervention beef has been used for the Surplus Food Scheme for distribution to the poor and needy. Intervention buying of **Skimmed Milk Powder (SMP)** continued throughout the period March – August 1997 with interest shown by offerers from other Member States during the last few months of the offer period principally due to the strength of sterling. However, by the end of the offer period the quantities accepted from continental creameries was only 40 tonnes. Although **butter** was offered into intervention earlier in the year the market price triggered out intervention from February 1997. There were no sales of intervention SMP, but just over 2,700 tonnes of intervention butter was sold in an unrestricted end use sale and around 450 tonnes was sold for use in the Butter for Manufacture scheme.

10.18 Despite a large **cereals** harvest the predicted high levels of intervention in 1996-97 did not materialise as a far greater tonnage than forecast was exported. Only 15,000 tonnes of barley and 1,000 tonnes of rye were purchased and all the rye has since been sold onto the home market. Again, relatively high levels of intervention are forecast for the 1997-98 season ranging from 0.5 to 1.0 million tonnes of barley.

Milk Quotas.

10.19 In the first half of the 1997-98 quota year there was a significant increase in the volume of quota transferred permanently. The leasing market was relatively subdued but it picked up towards the 31 December leasing deadline. Modified leasing arrangements were agreed for those affected by the selective cull after 31 December 1997.

Other measures.

10.20 In 1996-97 almost 42,000 payments were made on 29 internal market support measures across the arable, dairy, fish, horticulture and meat sectors. The outturn for 1997-98 is expected to show an increase in activity. Nearly 8,000 visits were made to verify traders' and farmers' records.

BSE Measures

10.21 The IB remains responsible for implementing the majority of measures introduced in connection with the BSE emergency. In 1996-97 expenditure on these measures accounted for £1322m. The IB administration expenditure on BSE work amounted £19m and to 31 March 1997 over 214 staff years has been spent on BSE work. The key BSE measures are described more fully below:

The Over Thirty Month Scheme

10.22 The Over Thirty Month Scheme (OTMS) continued to pose a major challenge to the resources and organisation of the IB.

10.23 With the clearance of the backlog of animals awaiting slaughter at the end of 1996, the number of animals coming forward for slaughter became more regular, although demand proved sensitive to changes in the scheme rules and compensation rates. The IB, in conjunction with industry, introduced procedures to manage this process in an orderly manner. Average annual slaughterings in future years are predicted to be in a range between 750,000 and 800,000 animals, most of which will be dairy cattle at the end of their productive lives.

10.24 This stability enabled the IB to invite tenders, under the restricted procedures laid down in EU rules, for the provision of slaughtering, rendering and incineration services. Preference was given to proposals for an integrated solution from slaughter through to ultimate destruction. In the event, few integrated bids were received.

10.25 Contracts for slaughtering were awarded in July 1997. This saw a reduction in the number of scheme abattoirs from 54 to 29 (21 in England, 4 in Scotland, 2 in Wales and 2 in Northern Ireland), reducing the cost of slaughtering by around £12 million a year. In awarding contracts, the IB struck a careful balance between price and ensuring that capacity was made available in the areas of greatest demand. Over 200 liveweight markets continue to act as collection centres for OTMS cattle.

10.26 Contracts for rendering OTMS material were awarded in December when the IB had agreed with the industry ways in which competition could be introduced. The number of participating plants was reduced from 10 to 5, covering England and Wales and one each for Scotland and Northern Ireland, yielding a saving of around £5m over a full year.

10.27 Over 40 bids were received for the incineration of OTMS material, both carcases and meat and bone meal (MBM) and tallow from rendered carcases. However, none of the bids were capable of meeting the IB's requirements on energy recovery, proven technology, early delivery, high volumes and reasonable cost. The IB, therefore, terminated application of the restricted procedures so far as the incineration element of the tender was concerned in order to consider further options under the negotiated procedures.

10.28 Increasingly, attention was focused on disposal issues. With a very limited amount of incineration capacity, most scheme animals are being rendered and the resultant MBM and tallow securely stored pending the identification of a disposal route. By end December, some 1.98 million animals had been slaughtered under the scheme, giving rise to stocks of 295,000 tonnes of MBM, and 158,000 tonnes of tallow. Disposal of MBM commenced in an appropriately authorised high temperature incinerator, but is limited to around 15,000 tonnes a year.

10.29 In the latter part of 1996, temporary cold storage of carcases was used to maximise limited rendering capacity, and thus clear the backlog of cattle awaiting slaughter. During 1997, the IB instigated a programme to dispose of this frozen material through rendering, clearing the 36 cold stores in Great Britain by the end of September, and the 6 stores in Northern Ireland by mid-October.

10.30 The market support costs for the OTM scheme in 1997-1998 is projected to be around £450 million. This will reduce to £334 million in 1998-1999.

Selective Cull Scheme

10.31 The Selective Cull Scheme was introduced at the very end of 1996-97. The Agriculture Departments trace the cattle covered by the Scheme and, the IB arranges the slaughter and disposal of identified animals and makes payments to farmers. (In Northern Ireland payments are made by the Department of Agriculture for Northern Ireland). In the period 1 April 1997 to December 1997 some 57,000 SCS animals were slaughtered in the UK. The cost of the SCS in 1997-1998 is projected to be £119 million.

Calf Processing Aid Scheme

10.32 The Calf Processing Aid Scheme continues to operate at a high level. During 1996-97 some 540,536 calves were processed and for the six months from April to September 1997 the number was 294,504. Expenditure in 1997-98 is expected to amount to £54m. A similar amount is forecast for 1998-99.

Table 10.1: OTMS & SCS key statistics

Scheme		Over Thirty Months	Selective Cull
Animals Slaughtered (No.)			
	Total:	1,983,636	56,934
	Rendered:	1,868,214	55,714
	Incinerated:	115,421	1,220
1997-98 (1 April-31 Dec 1997):		637,289	56,237
	Rendered:	582,148	1,216
	Incinerated:	55,141	55,021
Frozen Material Rendered (tonnes):			
	Total:	72,226	0
	1997-98:	53,255	0
Meat and Bonemeal			
(in store as at 31 Dec 1997)	Tonnes:	294,511	6,949
	Number of Stores:	2	1
Tallow:			
(in store as at 31 Dec 1997)	Tonnes:	157,717	0
	Number of stores:	2	0
Collection Centres (Number):			
	Abattoirs:	29	29
	Incinerators:	12	12
	Liveweight Markets:	207	n/a

Animal Feed Recall Scheme

10.33 Almost 10,000 tonnes of meat and bone meal-based animal feed were collected and successfully disposed of by landfill by May 1997.

Beef Stocks Transfer Scheme (BSTS)

10.34 Eligible slaughterhouses and cutting plants with stocks of unsaleable beef in April 1996 were able to offer these stocks to the IB for purchase and disposal. Around 30,000 tonnes of beef were entered into the scheme, and expenditure amounted to £56m. The IB arranged for disposal by landfill which was completed by 5 January 1998.

Beef and Beef Products (Storage and Disposal Services) Scheme (BDS)

10.35 The IB provided a storage and disposal service to any holders of beef and beef products, such as beef burgers and frozen meals etc. No payments were made for the beef but the IB bore the cost of storage and disposal (£2.7m) which was completed by 5 January 1998.

The Rendering Industry Support Scheme 1997

10.36 The Rendering Industry Support Scheme 1997, providing support through monthly payments in respect of the output of tallow and meat and bonemeal, commenced on 1 April 1997. It is to run for one year only and is expected to cost £59m.

Control Arrangements – Anti-Fraud

10.37 The IB Anti-Fraud Unit (AFU) completed 328 scrutiny visits under EU Regulation No 4045/89, including a number of large/multi-national company audits and new control work in the area of milk quotas. A key aspect of investigation work included an influx of BSE related irregularities. Major cases under the Calf Processing Aid Scheme and the Beef Stocks Transfer Scheme are awaiting prosecution. During 1997-98 a re-organisation of both Scrutiny and Investigation Teams enabled an extension of more in-depth audits by the former and a shorter response time to look into suspected irregularities by the latter. As part of this re-organisation there was a significantly strengthened AFU presence in Northern Ireland and the establishment of satellite offices for investigators in Bristol and Wolverhampton. A stronger Research Team provided improved intelligence to IB staff and its agents. The unit co-operated with other Member States on the application of risk analysis techniques in scrutiny and promoting the use of risk analysis within IB scheme controls.

Performance Targets

10.38 In 1996-97 the IB met four of its eight key targets. Full details are set out in Table 10.2. The targets for accuracy of claims processing, running cost efficiency gains, avoidance of an excess vote and procurement savings were all met. Improvement in productivity at 3%, (target of 6.0%) was affected by the high costs involved in administering the BSE-related work, and the delayed introduction of scheme computer systems. This had the effect of reducing aggregate output. Timeliness of claims payment dropped to 85.0% from 99.9% in 1995-96, largely due to the unprecedented volumes of claims in the BSE-related area. The yield/cost ratio of anti-fraud activities fell to 1.2:1. However the money-based method of calculating performance against this indicator is not considered to reflect the proportion of successful operations, and consideration is being given to a new target. The disallowance target for 1996-97 relates to the 1994 clearance of accounts which has not progressed far enough to provide an adequate indication of the outcome.

Table 10.2: Intervention Board performance against key targets

Performance Target	1992-93		1993-94		1994-95		1995-96		1996-97		1997-98
	Target	Performance	Target	Performance	Target	Performance	Target	Performance	Target	Performance	Target
% of claims processed to deadlines	100.0	94.6	98.0	99.9	98.5	99.9	98.5	99.9	99.0	85.0	99.0
% of claims processed correctly	98.0	99.1	98.5	98.8	98.5	98.7	98.5	98.2	98.5	99.1	98.5
% annual running cost efficiency gains	2.0	1.0	2.5	4.6	2.5	3.6	2.5	3.3	2.5	5.3	2.5
% improvement in index of productivity	5.0	4.0	5.0	8.0	6.0	-0.5	6.0	3.9	6.0	3.0	6.0
Disallowance as % EAGGF funds handled	<0.40	0.08	<0.40	0.03	<0.40	0.51[1]	<0.40	0.19 [1]	<0.40	[1]	<0.40
% value for money savings in procurement of goods and services	5.0	6.2	5.0	6.5	5.0	6.7	6.0	8.8	6.0	6.8	6.5
To maintain expenditure within Vote provision, cash and running cost limits		met		met		met		met		met	
Yield/cost ratio of anti-fraud activities [2]	2.0:1	2.5:1	3.0:1	3.2:1	3.0:1	2.6:1	3.0:1	3.7:1	3.0:1	1.2:1	3.0:1

[1] Results for 1994-95 reflect final Commission decision for clearance of 1992 EAGGF accounts, and results for 1995-96 reflect final Commission Decision for clearance of 1993 EAGGF accounts. An appeal has been lodged with the ECJ which, if successful, would reduce the 1994-95 result to 0.32% and the 1995-96 result to 0.00%. The target for 1996-97 relates to the 1994 clearance of accounts which has not progressed far enough to provide an adequate indication of the outcome.

[2] Yield represents the total financial correction revealed by anti-fraud activities, i.e. the total recoveries from, and additional payments to, traders.

Table 10.3: Intervention Board running costs, outputs and productivity

	1992-93 Outturn	1993-94 Outturn	1994-95 Outturn	1995-96 Outturn	1996-97 Actual	1997-98 Forecast	1998-99 Forecast
Gross Running Cost (1,2,3,+)	£30.3m	£30.1m	£29.8m	£29.8m	£35,577,000	£40,694,000	£40,240,000
Total Manpower (4)	1,056	985	1,018	975	1,125	1,336	1,136
Aggregate Output (5)	*	*	*	*	5,734,480	6,251,573	6,422,005
Output Index	111	112	113	112	133	145	149
Productivity (6)	*	*	*	*	5,099	4,679	5,653
Productivity Index	110	119	118	123	139	128	154

1989-90 represents the baseline year for indices.
1. Running costs exclude VAT recoveries.
2. One-off costs of the relocation, early departure costs, certain IT projects and estate rationalisation are excluded.
3. Superannuation costs are included in all years.
+. excluding costs of agents.
4. Total manpower includes overtime and casuals.
5. Aggregate output is based on unit of work to process one export claim line.
6. Productivity is Aggregate Output/Total Manpower.

Efficiency Plans

10.39 The IB produces an annual efficiency plan. The main features of the 1997 plan included;

- a) delayering and regrading of posts in the Internal Market area;
- b) strategic use of contract staff and period appointments for technical staff;
- c) IT solutions to claim handling in the BSE-related schemes, and IT improvements in the Milk Quotas area;
- d) strategic contracting out of Rendering and Slaughtering Industries Consultancy, Tender/Cold Store Consultancy, Ancillary Audit Service and Certification of Accounts;

10.40 Efficiency savings from these measures have been achieved and more are planned. Further efficiencies will be necessary and current plans include the market testing of certain technical and field services and various in-house activities including claims verification, training and pay-roll provision, restructuring of computer systems and improved claim processing methods, enhancement of the Integrated Accounting System, rationalisation of the Reading Estate and internal management reviews. The IB has used and continues to use BPR to achieve appropriate savings. Benchmarking of claims processing and correspondence handling is a key feature of the IB's future efficiency strategy which will be taken forward by a newly set up Business Excellence Unit. The IB will be using the European Business Excellence Model sponsored by the Office of Public Service to build on its strengths and identify areas for improvement to provide efficiency gains.

Competing for Quality

10.41 Whilst new activity was restricted by the need to concentrate procurement resources on the BSE crisis, market testing yielded annual savings of £2 million. At the end of 1996-97 contracted out work accounted for over 90% of the IB's administration expenditure and related operational expenditure. Extensive requirements for new services required in connection with BSE schemes were contracted out as a matter of course. The IB's forward market testing programme concentrates on technical and field services currently supplied by agents in the public sector.

Capital Assets

10.42 The IB's capital assets are limited and consist mostly of IT equipment, IT software and the Government-Owned grain/cold stores. Their combined replacement value at 31 March 1997 was just over £23m. The IT software alone valued at £13m has no commercial value, but is key to the continued business of IB. The IB's IT strategy provides for the development of a suitably flexible platform from which it will be possible to respond to developments arising from the outcome of the CSR and Agenda 2000. The IT strategy will inform a broadly based business needs review planned once the CSR is complete. The Government-Owned grain/cold stores are to be retained pending a further review in 1998-99. In the meantime the potential for generating further revenue through the sub-letting of spare storage capacity is to be actively pursued.

Private Finance Initiative/Public and Private Partnerships

10.43 During 1996-97 the IB was negotiating a procurement of IT goods and services which included an element of Private Finance Initiative, but towards the end of the process the company withdrew its bid. For business continuity purposes, the IB entered into a contract that enabled the rationalisation of its maintenance contracts and the supply of IT equipment and consumables. As part of its long term strategy, the IB is to undertake a broad review of its business needs and the extent to which they might be better delivered through Public and Private Partnerships. However, it was decided that this exercise should await the outcome of the review of CAP administration undertaken as part of the Comprehensive Spending Review, and be informed by progress on Agenda 2000 developments. The IB has kept under review the potential for further public and private partnerships. It has also assessed its level of skills and expertise and concluded that they are currently sufficient in view of the limited scope for such developments in the IB.

Compensation Payments for Maladministration

10.44 During 1996-97 there was one referral to the PCA, which is as yet unresolved. The IB's independent adjudicator, who deals with customer complaints about the administration of schemes, received no cases in 1996-97.

Open Government

10.45 The IB has arrangements in place to respond positively, promptly and in convenient form to any reasonable request for information relating to its policies, actions and decisions; and to supply information, for which it is responsible and which is not published. A charge is appropriate when additional work needs to be undertaken to meet a request. An explanatory leaflet and application form are available on request. No requests for information were received in 1996-97.

Performance in Paying Bills

10.46 The IB has signed up to the British Standard for Achieving Good Payment Performance in Commercial Transactions (BS 7890). Performance in paying bills is one of the primary internal indicators and results have been published in the Annual Report and Accounts since 1993-94. In 1996-97 payments were made on time in 88.4% of cases against a target of 98.5%. The IB's policy is to pay invoices in accordance with the agreed contractual conditions or, where no such conditions exist, within 30 days of the receipt of the goods and services or the presentation of a valid invoice, whichever is the later.

Citizen's Charter

10.47 The IB is committed to the six new service standards for Central Government. It continues to maintain and develop initiatives to improve customer service. These include:

- a) Trade consultation group meetings for each major customer area;
- b) A Customer Guide, which also appears on IB's home page on the Internet, along with information concerning milk quotas;
- c) Attendance at relevant agricultural shows;
- d) Provision of helplines open on weekdays from 8.30 am to 5.00 pm – details of these can be found on Page 226 which sets out the IB organisation chart;
- e) An anti-fraud hotline for use by customers and the public;
- f) In-house quality of service awards and a staff suggestion scheme to encourage improvements in operational efficiency and customer service;
- g) Regular customer satisfaction surveys.

Equal Opportunities

10.48 The IB complies with the requirement set out in Part IIIa of the Civil Service Commissioners' Code issued in April 1996, by publishing summary information relating to its recruitment activity and the use of permitted exceptions to the principles of fair and open competition and selection on merit, in the 1997-98 Annual Report.

10.49 The IB has achieved the Investors in People (IIP) accreditation. It is committed to equal opportunities for all its staff, and is currently updating its Programmes for Action for Women and for Ethnic Minorities and the new Programme for Action for Disabled People was published in March 1997. Currently 6.6% of staff are of ethnic minority origin. The number of disabled staff remains at 10.7% which is significantly higher than the average for the Civil Service. None of these staff are in the Senior Civil Service grades. In the Senior Civil Service grades 20% are women. This means that IB now has a female member on its senior Management Group.

Pay and Grading

10.50 Final reports are being prepared in respect of the Pay and Grading Review. Pay harmonisation has been completed over the first three years of pay delegation. Recommendations have been drawn up in respect of a revised staff appraisal system.

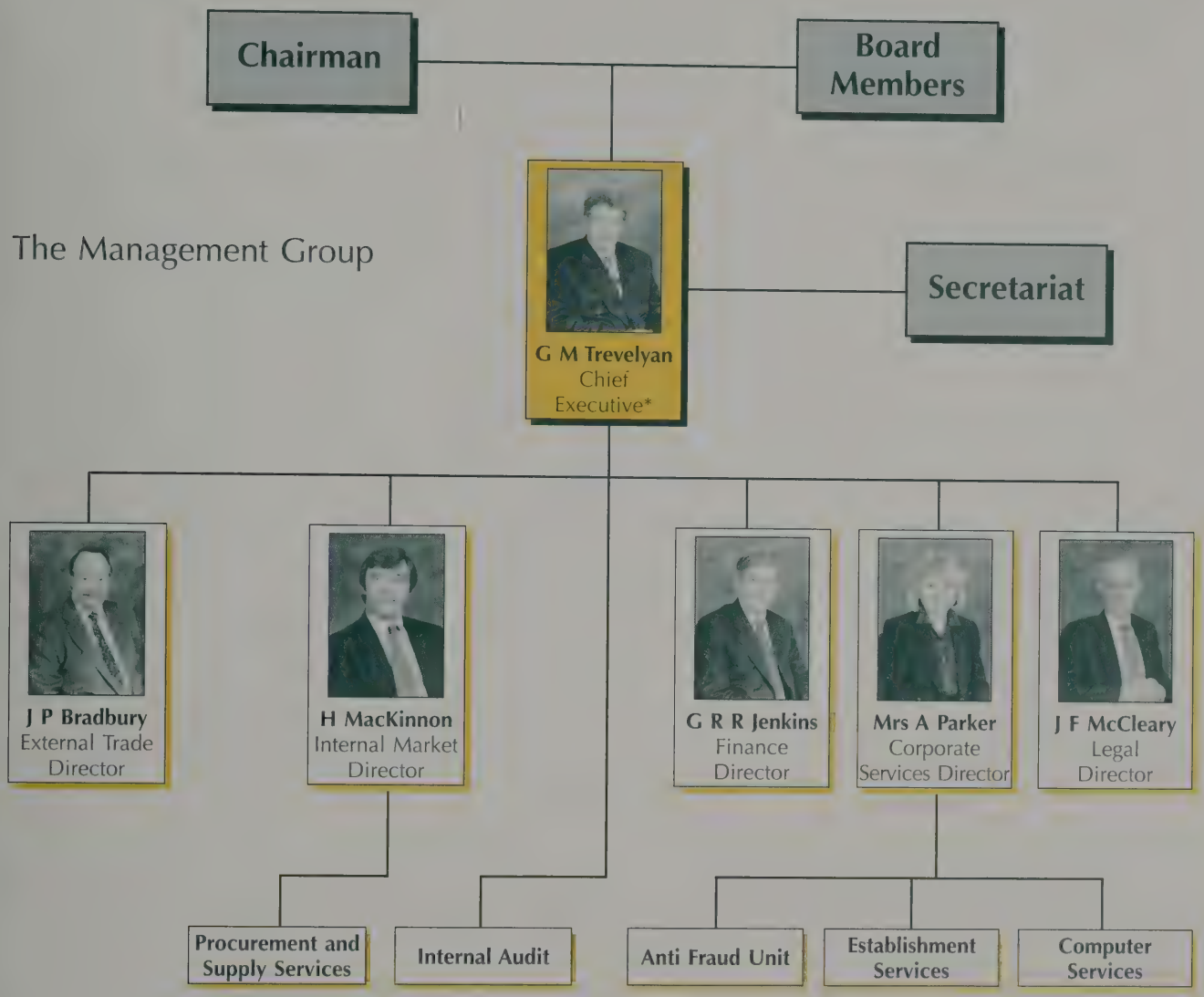
Environment

10.51 In January 1997, the IB made further moves towards rationalising its Reading estate from four buildings to two in 1999. The IB will then be accommodated in two more modern and efficient buildings.

10.52 In the area of waste disposal the IB now partakes in recycling schemes for white paper, confidential waste paper, glass, cardboard and photocopier/printer toner cartridges. Mechanical compactors are used for general refuse which reduces the cost of collection in the long term.

10.53 All companies engaged in the storage and handling of intervention commodities and those products derived from the operation of the Over Thirty Month Scheme and the Selective Cull Scheme are required through the invitation to tender and the standard contract to comply fully with all appropriate environmental legislation.

The Intervention Board Organisation Chart and Helplines



*The Chief Executive is also a board member

Intervention Board helplines:

External Trade	Imports and Exports	0191 226 5050
Internal Market	Over 30 Months Slaughter	0118 953 1687
	Crops	0118 953 1999
	Milk Quotas	0118 953 1888
Finance	Trader registration	0118 953 1405
	Securities	0118 953 1723
Freephone Fraudline		0800 347 347

£ million

Vote Section	Expenditure	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 estimated outturn	1998-99 plans
	Vote 1 Intervention Board and EU expenditure							
	Central Government expenditure							
	Voted in Estimates							
	Market Support – IB	1,014	1,045	438	441	1,552	1,091	1,019
D	*of which:* BSE					1,088	636	553
B	non BSE	1,014	1,045	438	441	465	455	466
	Market Support – MAFF	365	1,036	1,204	1,516	1,619	1,463	1,471
H	Clean beef top-up scheme					4		
F	Beef stock transfer and disposal service schemes					52	7	#
G	Selective Cull					#	119	36
H	Aid to rendering industry						58	1
A	Administration	43	45	39	40	58	64	59
	TOTAL CENTRAL GOVERNMENT EXPENDITURE	**1,422**	**2,125**	**1,682**	**1,998**	**3,286**	**2,803**	**2,586**
	Central government grants to local authorities							
	Voted in Estimates							
	Current grants outside AEF							
I	EU grants for school milk and milk products	36	31	16	15	12	9	9
	TOTAL INTERVENTION BOARD AND EU EXPENDITURE	**1,458**	**2,157**	**1,698**	**2,013**	**3,298**	**2,812**	**2,596**
	Vote 2 Domestic agriculture, fisheries and food							
	Central government expenditure							
	Voted in Estimates							
A	Programmes to protect the public	61	67	69	99	114	144	157
B	Demand determined costs of programmes to protect the public	55	60	37	25	19	18	16
C	Programmes to protect and enhance the rural and marine environment	130	147	132	118	141	126	129
D	Programmes to improve the economic performance of the agriculture, fishing and food industries	158	172	183	188	289	194	191
E	Demand determined costs of programmes to improve the economic performance of the agriculture, fishing and food industries	32	18	6	5	8	4	6

Annex 1: Cash Plan Table

Vote Section	Expenditure	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 estimated outturn	£ million 1998-99 plans
F	Programmes to protect farm animals	4	4	4	5	7	5	5
G	Programmes to make the best use of internal resources in support of the Ministry's business	163	195	183	195	193	157	118
H	Operational costs of the Ministry's Executive Agencies	-1	-2	-6	17	-15	-16	-16
I	Research and development	110	112	123	129	124	130	124
	ERDF [1]						2	1
	Total voted in Estimates	**713**	**773**	**730**	**781**	**880**	**764**	**730**
Other (non-voted)								
	Programmes to protect the public	192	214	177	185	186	186	192
	Programmes to protect and enhance the rural and marine environment	#	#			#		
	Programmes to improve the economic performance of the agriculture, fishing and food industries	-2	#	-1	-1	-2		
	Civil defence (emergency and strategic food services)		-4	#				
	Total other (non-voted)	**190**	**209**	**176**	**184**	**184**	**186**	**192**
	of which:							
	Central government's own expenditure	190	209	176	184	184	186	192
	Public corporations (excluding nationalised industries)							
							outturn	
	TOTAL CENTRAL GOVERNMENT EXPENDITURE	**903**	**982**	**906**	**965**	**1,064**	**950**	**922**
	of which:							
	Central government's own expenditure	903	982	906	965	1,064	950	922
	Public corporations (excluding nationalised industries)							

Annex 1: Cash Plan Table

Vote Section	Expenditure	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 estimated outturn	£ million 1998-99 plans
Central government grants to local authorities								
	Voted in Estimates							
	Capital grants							
J	Programmes to protect the public	15	21	25	33	37	29	22
K	Programmes to improve the economic performance of the agriculture, fishing and food industries	#	#	#	#	#	#	1
	Total voted in Estimates	**15**	**21**	**26**	**33**	**37**	**30**	**23**
Other (non-voted)								
	Current outside AEF							
	Programmes to protect the public	-193	-215	-178	-185	-186	-186	-192
	Total central government grants to local authorities	**-178**	**-194**	**-152**	**-152**	**-150**	**-157**	**-170**
	of which:							
	Current outside AEF	-193	-215	-178	-185	-186	-186	-192
	Capital	15	21	26	33	37	30	23
Credit approvals								
	Programmes to protect the public	12	13	10	14	16	12	17
	Programmes to improve the economic performance of the agriculture, fishing and food industries							
	Total credit approvals	**12**	**13**	**10**	**14**	**16**	**12**	**17**
	Total central government support to local authorities	**-166**	**-181**	**-142**	**-138**	**-133**	**-144**	**-153**
	Total domestic agriculture, fisheries and food	**737**	**801**	**764**	**827**	**931**	**805**	**770**
	TOTAL MINISTRY OF AGRICULTURE, FISHERIES AND FOOD AND THE INTERVENTION BOARD	**2,195**	**2,958**	**2,462**	**2,839**	**4,229**	**3,617**	**3,365**

Note:

(1) ERDF lines are now shown in the Department of Environment, Transport and the Regions Class VI Vote 1 and Departmental Report (Cm 3906): MAFF retains policy responsibility for expenditure shown here.

Cash amounts below £0.5 million are not shown.

Annex 2: Reconciliation between Cash Plans Table and Estimates

Vote Section	Expenditure	1996-97 outturn	1997-98 estimated outturn	£ million 1998-99 plans
PUBLIC EXPENDITURE WITHIN THE CONTROL TOTAL				
(as in Cash Plans Table)		4,229	3,617	3,365
Less non-Voted expenditure within the Control Total		-15	-12	-17
TOTAL VOTED EXPENDITURE WITHIN THE CONTROL TOTAL		4,214	3,605	3,348
VOTED EXPENDITURE NOT INCLUDED IN THE CONTROL TOTAL				
Ministry of Agriculture, Fisheries and Food				
Programmes to protect and enhance the rural and marine environment		-18	-23	-28
Programmes to improve the economic performance of the agriculture, fishing and food industries		#	#	-1
Demand determined costs of programmes to improve the economic performance of the agriculture, fishing and food industries		-1,601	-1,438	-1,442
Total Ministry of Agriculture, Fisheries and Food		-1,619	-1,461	-1,471
Intervention Board				
Payments to other government departments or their grant-aided bodies – non BSE		2,282	2,114	2,142
Payments to other government departments or their grant-aided bodies – BSE		178	4	
Total Intervention Board		**2,460**	**2,118**	**2,142**
TOTAL VOTED EXPENDITURE NOT INCLUDED IN THE CONTROL TOTAL		**841**	**657**	**672**
ERDF expenditure by MAFF shown on DETR Class VI Vote 1[1]				
European Regional Development Fund			**-2**	**-1**
TOTAL ERDF EXPENDITURE BY MAFF SHOWN ON DETR CLASS VI VOTE 1			**-2**	**-1**
EU RECEIPTS				
EAGGF (Guarantee) – MAFF		#	#	#
EAGGF (Guarantee) – IB		-3,124	-2,901	-2,934
EAGGF (Guidance)		-13	-16	-15
Other Receipts		#	-1	-1
FIFG		-10	-10	-2
TOTAL EU RECEIPTS		**-3,148**	**-2,928**	**-2,952**
TOTAL VOTED EXPENDITURE		**1,908**	**1,333**	**1,067**

(1) European Regional Development Fund (ERDF) expenditure funded by other Departments in England now appears on the Department of Environment, Transport and the Regions Class VI Vote 1, but the expenditure continues to be shown in the Cash Plans Table of the originating Department, who retain policy responsibility for it. A full breakdown of ERDF payments and receipts is given in the Department of the Environment annual report Cm 3906.

£ Million	1992-93 Outturn	1993-94 Outturn	1994-95 Outturn	1995-96 Outturn	1996-97 Outturn	1997-98 Estimated Outturn	1998-99 Plans
SCHEMES ADMINISTERED BY THE INTERVENTION BOARD							
BEEF AND VEAL							
Intervention purchases	201.4	38.9	-0.3	-0.5	–	–	–
storage etc costs	44.4	21.8	7.9	2.2	–	–	–
sales receipts (1)	-60.7	-119.0	-100.0	-26.2	–	–	–
Other internal market measures	29.4	1.2	0.7	0.7	0.5	1.8	2.6
External market trade	38.4	68.2	82.2	93.9	–	–	–
Beef and Veal total	**252.9**	**11.1**	**-9.5**	**70.0**	**0.5**	**1.8**	**2.6**
BSE MEASURES							
Intervention purchases	–	–	–	–	136.3	134.6	105.1
storage etc costs	–	–	–	–	33.8	46.2	50.0
sales receipts (1)	–	–	–	–	-0.4	-0.7	0.0
External market – expenditure	–	–	–	–	6.1	-2.0	12.6
External market – receipts (1)	–	–	–	–	-6.4	-0.4	-0.1
Over Thirty Month Scheme purchases	–	–	–	–	674.1	255.2	229.4
"OTMS slaughter,disposal costs etc."	–	–	–	–	187.7	137.0	104.6
OTMS Receipts (1)	–	–	–	–	-4.4	-0.6	0.0
Clean Beef Top up	–	–	–	–	4.2	–	–
Calf Processing Scheme	–	–	–	–	51.4	54.4	51.9
Beef Stocks Transfer Scheme	–	–	–	–	50.9	5.1	0.2
Beef and Beef Products(Disposal Service)	–	–	–	–	0.9	1.8	0.0
Animal Feed Disposal Service scheme.	–	–	–	–	0.3	0.5	0.0
Selective Cull	–	–	–	–	0.1	119.2	36.1
Aid to Renderers	–	–	–	–	–	58.0	1.0
Other measures	–	–	–	–	9.4	12.4	0.0
BSE Measures total	**0.0**	**0.0**	**0.0**	**0.0**	**1144.0**	**820.6**	**590.7**
Beef & Veal and BSE total	**252.9**	**11.1**	**-9.5**	**70.0**	**1144.5**	**822.4**	**593.3**
CEREALS							
Intervention purchases	56.0	177.7	5.1	0.2	1.1	10.0	47.2
storage etc costs	12.0	22.7	18.6	12.6	3.6	4.4	10.1
sales receipts (1)	-21.1	-16.7	-96.5	-50.9	-0.1	-0.9	-14.9
Other internal market – expenditure	26.9	22.2	12.0	11.1	3.2	3.7	9.7
Other internal market – receipts (1)	-49.6	-0.8	-0.1	*	-0.1	*	*
External market trade	232.1	194.8	128.8	55.7	49.1	43.9	66.3
Cereals total	**256.3**	**399.8**	**67.8**	**28.5**	**56.9**	**61.0**	**118.4**
MILK AND MILK PRODUCTS							
Intervention purchases	3.9	10.0	9.8	0.0	59.8	31.3	18.8
storage etc costs	1.1	0.9	0.6	0.2	0.7	1.4	1.8
sales receipts (1)	-11.5	-9.2	-21.0	-1.6	0.0	-14.8	-14.6
Other internal market – expenditure	65.8	95.2	100.9	97.9	116.5	58.9	67.7
Other internal market – receipts (1)	-38.8	-8.0	-21.6	-43.8	-48.5	-15.7	-0.2
External market trade	111.6	116.6	110.6	94.4	97.6	139.9	89.6
Milk products total	**132.1**	**205.5**	**179.4**	**147.1**	**226.1**	**200.8**	**163.1**

Annex 3: Expenditure by IB on the CAP in the UK

£ Million	1992-93 Outturn	1993-94 Outturn	1994-95 Outturn	1995-96 Outturn	1996-97 Outturn	1997-98 Estimated Outturn	1998-99 Plans
OILSEEDS							
Internal market measures	125.9	163.0	2.1	0.7	0.8	0.5	0.5
PIGMEAT							
Internal market measures	–	0.1	0.0	0.2	0.3	0.1	0.3
External market trade	2.1	2.5	2.5	1.9	1.1	1.0	2.1
Pigmeat total	**2.1**	**2.5**	**2.5**	**2.1**	**1.4**	**1.1**	**2.3**
SHEEPMEAT							
Internal market – expenditure	3.0	1.0	0.6	0.3	*	1.0	2.1
Internal market – receipts (1)	-2.1	-0.6	-3.8	-1.1	0.0	-2.5	0.0
Sheepmeat total	**0.9**	**0.4**	**-3.2**	**-0.8**	**0.0**	**-1.4**	**2.1**
SUGAR							
Internal market measures	50.5	68.9	52.8	44.3	46.7	52.4	47.6
External market trade	79.4	85.2	73.8	71.3	58.0	57.2	54.8
Sugar total	**129.9**	**154.1**	**126.5**	**115.7**	**104.7**	**109.5**	**102.3**
OTHERS							
Internal market measures	24.8	44.2	18.3	24.5	26.6	42.1	36.1
External market trade	94.5	69.8	58.4	54.2	49.0	41.6	39.9
Miscellaneous (mainly VAT recovery) (1)	-5.4	-5.6	-4.1	-0.5	-1.3	-2.2	-1.5
Others total	**113.9**	**108.4**	**72.6**	**78.2**	**74.4**	**81.5**	**74.6**
Sub total	**1014.0**	**1044.8**	**438.3**	**441.4**	**1608.6**	**1275.4**	**1056.7**
Payments to local authorities (School Milk)	35.8	31.4	15.7	15.1	12.3	9.4	9.2
INTERVENTION BOARD TOTAL	**1049.8**	**1076.2**	**454.0**	**456.5**	**1621.0**	**1284.9**	**1065.9**
1) These receipts are classed as Appropriations in Aid and total.	-189.2	-159.9	-247.1	-124.3	-61.0	-37.8	-31.2
Other Appropriations in Aid receipts not specifically identified.	-33.60	-4.90	-1.6	-6.7	-1.9	-2.1	0.7
Total Appropriations in Aid			**-248.7**	**-131.0**	**-62.9**	**-39.9**	**-31.9**

SCHEMES ADMINISTERED BY AGRICULTURE AND OTHER DEPARTMENTS

ARABLE CROPS

Arable area payments scheme –							
cereals	–	387.4	549.5	818.9	850.9	857.3	870.8
oilseeds	–	153.5	151.7	164.6	161.8	203.2	192.0
linseed	–	–	26.1	28.6	24.4	36.8	23.9
protein	–	101.9	80.0	74.7	66.3	70.4	74.4
set-aside	–	141.8	199.7	200.8	157.0	92.1	76.2
Arable crops total	**–**	**784.6**	**1007.0**	**1287.7**	**1260.3**	**1259.8**	**1237.3**

Annex 3: Expenditure by IB on the CAP in the UK

£ Million	1992-93 Outturn	1993-94 Outturn	1994-95 Outturn	1995-96 Outturn	1996-97 Outturn	1997-98 Estimated Outturn	1998-99 Plans
CEREALS							
Repayment of co-responsibility levies	**5.5**	**–**	**–**	**–**	**–**	**–**	**–**
BEEF AND VEAL							
Suckler cow premium	90.4	65.7	169.9	199.3	278.2	294.7	252.9
Special premium	6.2	88.7	161.6	246.2	252.6	219.1	257.8
Deseasonalisation (NI)	0.0	5.1	4.6	0.0	0.0	6.1	6.5
Beef & Veal total	**96.6**	**159.5**	**336.1**	**445.6**	**530.8**	**519.9**	**517.2**
BSE MEASURES							
Suckler cow compensation	–	–	–	–	77.3	8.5	0.0
Beef special premium scheme compensation	–	–	–	–	42.6	-7.0	0.0
Beef marketing payment scheme	–	–	–	–	58.2	0.1	0.0
MLC Promotion	–	–	–	–	–	2.5	0.0
BSE Measures total	**0.0**	**0.0**	**0.0**	**0.0**	**178.0**	**4.1**	**0.0**
Beef & Veal and BSE total	**96.6**	**159.5**	**336.1**	**445.6**	**708.8**	**523.9**	**517.2**
MILK AND MILK PRODUCTS							
Compensation for Quota cuts etc	44.3	79.0	9.8	0.0	–	–	–
School Milk (NI)	0.9	0.9	0.6	0.6	0.5	0.5	0.4
Milk and milk products total	**45.2**	**79.9**	**10.4**	**0.6**	**0.5**	**0.5**	**0.4**
SHEEPMEAT							
Annual premium on ewes	**338.1**	**486.7**	**394.9**	**424.3**	**455.2**	**288.9**	**330.3**
OTHERS							
Orchard grubbing scheme	0.7	0.5	2.6	7.7	–	–	–
Oilseeds transitional scheme	163.7	4.6	–	–	–	–	–
Miscellaneous –	–	–	0.0	0.0	*	0.0	0.0
Agri-environmental measures [1]							
Environmentally sensitive areas	–	13.1	10.8	16.0	17.3	23.4	26.6
Nitrate sensitive areas (pilot scheme)	–	0.4	0.2	0.2	0.1	–	–
Nitrate sensitive areas	–	–	0.0	0.8	1.3	1.6	1.9
Livestock extensification (pilot)	–	0.2	0.1	0.1	*	–	–
Moorland scheme	–	–	–	0.0	0.1	0.5	0.7
Countryside access scheme	–	–	–	*	*	*	*
Habitat scheme	–	–	–	0.5	0.8	1.5	1.5
Organic scheme	–	–	*	0.2	0.3	0.6	0.8
Countryside stewardship scheme	–	–	1.8	2.7	3.1	3.4	6.0
Countryside premium scheme	–	–	–	–	–	*	1.6
Tir Cymen	–	–	1.2	0.9	1.1	1.4	1.4

Annex 3: Expenditure by IB on the CAP in the UK

£ Million	1992-93 Outturn	1993-94 Outturn	1994-95 Outturn	1995-96 Outturn	1996-97 Outturn	1997-98 Estimated Outturn	1998-99 Plans
Forestry measures[1]							
Farm woodland scheme	–	0.4	0.4	0.4	0.4	0.5	0.4
Farm woodland premium scheme	–	0.3	1.7	2.0	2.6	3.5	5.5
Woodland grant scheme	–	4.4	13.4	9.5	8.5	8.6	10.7
Others total	**164.4**	**23.9**	**32.2**	**41.0**	**35.5**	**45.0**	**57.0**

(1) This annex only includes the CAP element of expenditure on the schemes concerned. Total expenditure is shown under the individual programmes.

(2) Expenditure is net of certain recoveries classed as Appropriations in Aid of -5.0 -7.7 -4.8 -2.8 -11.9 -2.2 -1.9

AGRICULTURE AND OTHER DEPARTMENTS TOTAL	**649.8**	**1534.5**	**1780.6**	**2199.2**	**2460.4**	**2118.1**	**2142.2**
of which:							
MAFF	354.2	1037.0	1203.6	1526.6	1630.5	1467.7	1470.7
Others (1)	295.6	497.5	577.0	672.6	829.9	650.4	671.5
CAP SPENDING IN UK	**1699.6**	**2610.7**	**2234.6**	**2655.7**	**4081.4**	**3403.0**	**3208.1**
of which:							
Nationally funded elements	23.3	2.7	0.2	0.3	482.5	371.0	188.1
UK Receipts from EU for CAP expenditure "(monthly payments, 2 months in arrears)"	**1524.8**	**2806.5**	**2411.2**	**2609.5**	**3135.8**	**2906.6**	**2942.4**
of which:							
Appropriations in Aid	1486.6	2545.4	2234.6	2602.8	3124.1	2901.4	2933.5
CFER	39.3	261.1	176.6	6.7	11.7	5.2	8.9

Calendar Year £ Million	1992 Outturn	1993 Outturn	1994 Outturn	1995 Outturn	1996 Outturn	1997 Outturn	1998 Estimated Outturn
Total CAP spending in the EU*	22,722	27,545	25,263	27,876	32,482	29,562	27,164
% of EU CAP spending in UK	8%	8%	9%	9%	9%	11%	11%
Total EU budget*	**41,449**	**50,485**	**46,209**	**54,058**	**60,459**	**59,773**	**56,103**
% of EU Budget represented by CAP	55%	55%	55%	52%	54%	49%	48%
% of EU Budget spent in UK	8%	8%	8%	8%	8%	8%	8%

– Scheme not in operation

* "Expenditure less than £50,000"

(1) This expenditure is included in the main cash plans tables in the Scottish, Welsh and Northern Ireland departmental reports. Forestry Commission expenditure is included in the Scottish departmental report.

£ Million	1992-93 Outturn	1993-94 Outturn	1994-95 Outturn	1995-96 Outturn	1996-97 Outturn	1997-98 Estimated Outturn	1998-99 Plans
(2) Consolidated Fund Extra Receipts which comprise: EU receipts as above	39.3	261.1	176.6	6.7	11.7	5.2	8.9
Receipts in respect of sums previously passed to the EU as 'Own Resources' (mainly sugar and isoglucose levies and penalties)	48.7	60.3	69.5	69.8	59.9	51.2	50.2
Other receipts mainly forfeited securities	0.9	1.8	2.4	3.2	4.7	1.7	0.1

£'000 Estimates Line	Receipts in respect of	Economic Category (HM Treasury classification)	1996-97 Outturn AAs	1996-97 Outturn CFERs	1997-98 Estimated Outturn AAs	1997-98 Estimated Outturn CFERs	1998-99 Estimate AAs	1998-99 Estimate CFERs
AZ: Programmes to protect the public (PP)	Milk hygiene and radiological protection of food, brucellosis, tuberculosis and salmonella eradication		-4,378		-4,844		-4,645	
	of which:	Changing the level of stocks and work in progress (F10) Current transfers abroad (ie EU receipts not via (B) (D20						
		Provision of goods and services (B35)	-4,378		-4,844	-1	-4,645	
BZ: Programmes to protect the public (PP) (demand determined)**	Receipts from fees and charges relating to meat hygiene work and Local Veterinary Inspectors' fees and brucellosis and tuberculosis management		-1,142	-71	-554		-561	
	of which:	Provision of goods and services (B35)	-218		-275			
		Other receipts (C10, G10, H20*)	-924	-71	-279		-561	
CZ: Programmes to protect and enhance the rural and marine environment (RE)	HLCAs, farm grants aquatic environment countryside management		-8,246		-7,061		-6,812	
	of which:	Current transfers abroad (ie EU receipts not via IB) (D20)	-5,745		-6,270		-6,005	
		Provision of goods and services (B35)	-2,501		-784		-787	
	:	Other receipts (C10, G10, H20)*			-7		-20	
DZ: Programmes to improve the economic performance of the agriculture, fishing and food industries (CE)	Remote sensing, reimbursement of grants to LFAs and producer organisations, sugar and tobacco plant varieties and seeds, organic farming, horticulture, land use and tenure, fish marketing, fishery structures, fish farming and shellfish production, the Royal Botanic Gardens, Kew, science policy, the prevention and control of animal diseases and plant health		-25,218	-1,727	-21,305		-20,379	
	of which:	Current transfers abroad (ie EU receipts not via IB) (D20)	-8,589		-6,967		-13,421	
		Provision of goods and services (B35)	-8,659	-1,727	-784	-14,248	-6,453	
		Other receipts (C10, G10,H20)*	-238		-90		-42	

Annex 4: Appropriations in Aid (AAs) and Consolidated Fund Extra Receipts (CFERs)

£'000 Estimates Line	Receipts in respect of	Economic Category (HM Treasury classification)	1996-97 Outturn AAs	1996-97 Outturn CFERs	1997-98 Estimated Outturn AAs	1997-98 Estimated Outturn CFERs	1998-99 Estimate AAs	1998-99 Estimate CFERs
EZ: Programmes to improve the economic performance of the agriculture, fishing and food industries (CE) (demand determined)**	Sales of anthrax vaccine, and sales of carcases		-1,219		-1,000		-188	
	of which:	Other receipts (C10,G10,H20)*	-1,219		-1,000		-188	
FZ: Programmes to protect farm animals (AW)			-4					
GZ: Programmes to ensure the best use of internal resources in support of the Ministry's business (IR)	Press and information services, legal services, economics and statistics, agency support and the Citizen's Charter, financial planning and control, staff inspection and consultancy, management of accommodation and property of human resources,		-6,803		-17,199		-11,198	
	of which:	Sale of capital assets (E, E10)	-3,199		-14,220		-5,187	
		Provision of goods and services (B35)	-3,604		-2,959		-4,110	
HZ: Programmes on the Ministry's Executive Agencies (EA)	Receipts from MAFF, Other Government's Departments, the private sector, repayment of car loans with respect and to the Meat Hygiene Service		-111,821		-120,741		-118,637	
	of which:	Provision of goods and services (B35)	-111,821				-118,604	
		Other receipts (C10, G10, H20)*						

* Other receipts include sale of carcasses, sales of tuberculin and anthrax vaccine, SFIA repayment of loan capital and refund of grants.

** Programmes with demand determined expenditure are PP1:02, PP1:03, PP1:04, PP2:01, PP2:02, CE1:03, CE1:20, CE1:21, CE1:24, CE2:02, CE2:22, CE2:23and CE3:01. CFERs in 1996-97 were in respect of loans to the SFIA, recovery of prior year overpayment, accrued interest on miscellaneous receipts, receipts from the Covent Garden Market Authority, recovery of interest on payments under the Five Year Set Aside Scheme, and receipts from the International Cocoa Organisation.

*** VAT receipts were shown in this annex in the 1997 Departmental Report. However, as they are not Appropriated in Aid and to ensure consistency with the treatment of VAT in the Appropriations Account, they are not now included.

Annex 5: Estimated Provision for 1998-99 by Programme

The Ministry of Agriculture, Fisheries and Food's responsibilities cover the land, sea and other resources used in the production of food, the industries which produce and supply it, and the safety and quality of the final product. In implementing the individual Programmes MAFF strives to achieve an appropriate balance where there are any conflicts between its Aims. MAFF aims to maximise value for money for all Programmes and to keep costs down in ways consistent with the relevant UK and EU legal obligations.

1998-99 Class III Vote 2 £000s	MAFF Scheme Costs	Admin. Costs	Receipts*	**Total**
To Protect the Public (PP) (Sections A, B and J of the Estimates)				
by promoting food safety				
PP1:01 Food Safety	1,561	3,328	-21	4,868
PP1:02 Food Hygiene	2,362	2,271	-1,299	3,334
PP1:04 BSE & Scrapie	31,472	48,984	-23,201	57,255
PP1:05 Veterinary Medicines	2,460	183	-142	2,501
PP1:06 Pesticides Safety	4,950	255		5,205
PP1:07 Radiological Protection & Food Contamination Incidents	2,756	1,614	-2,900	1,470
PP1:08 Food Quality & Nutrition	1,709	2,121		3,830
PP1:09 Feedingstuffs & Fertiliser Standards	260	389	-35	614
Sub-Aim Total	**47,530**	**52,145**	**-27,598**	**72,077**
by taking action against diseases with implications for human health				
PP2:01 Zoonoses	20,087	14,277	-572	33,792
Sub-Aim Total	**20,087**	**14,277**	**-572**	**33,792**
by planning to safeguard essential supplies in an emergency				
PP3:02 Emergencies	27	308		335
Sub-Aim Total	27	308		335
by promoting action to alleviate flooding and coastal erosion				
PP4:01 Flood and Coastal Defence	56,890	2058	-36	58,912
Supplementary Credit Approvals	16,000			16,000
Sub-Aim Total	72,890	2,058	-36	74,912
Aim Total	**140,534**	**75,788**	**-28,206**	**188,116**
To Protect & Enhance the Rural and Marine Environment				
Section C of the Estimates				
by protecting the rural economy particularly in less favoured areas				
RE1:01 Hill Livestock Compensatory Allowances	27,747	1,153	-5700	23,200
Sub-Aim Total	**27,747**	**1,153**	**-5700**	**23,200**
by encouraging action to reduce water & other pollution and by measures to safeguard the aquatic environment including its fauna and flora				
RE2:01 Environment Protection (Nutrients)	8,725	804	-1901	7,628
RE2:02 Environment Protection (General)	968	479		1,447
RE2:03 Salmon, Whaling & Inland Fisheries	21,387	315	-1	21,701
RE2:04 Aquatic Environment	3,268	877	-782	3,363
RE2:05 Farm Grants	1,520	227	-305	1,442
Sub-Aim Total	**35,868**	**2,702**	**-2,989**	**35,581**
by improving the attractiveness & bio-diversity of the rural environment				
RE3:01 Environmentally Sensitive Areas	42,758	1,611	-16,174	28,581
RE3:02 Conservation, Habitat Scheme and Access	3,478	482	-930	3,030
RE3:03 Farm Woodlands	8,125	508	-2,624	6,009
RE3:04 Countryside Management	1,047	429	-1	1,475
RE3:05 Countryside Access Scheme	158	55	-43	170
RE3:06 Moorland Scheme	590	149	-188	551
RE3:07 Countryside Stewardship Scheme	30,685	1,947	-5,990	26,642
Sub-Aim Total	**86,841**	**5,181**	**-25,590**	**66,072**
Aim Total	**150,456**	**9,036**	**-34,639**	**124,853**

Annex 5: Estimated Provision for 1998-99 by Programme

£000s 1998-99 Class III Vote 2	MAFF Scheme Costs	Admin. Costs	Receipts*	Total
To improve the economic performance of the agriculture, fishing & food industries (CE) (Sections D, E and K of the Estimates)				
by implementing MAFF's CAP obligations efficiently, & by seeking a more economically rational CAP while avoiding discrimination against UK business				
CE1:01 Central Planning on CAP		1,457		1,457
CE1:02 CAP Schemes Management	1,234	7,186	-500	7,920
CE1:03 Arable Area Payments	1,074,345	7,045	-1,073,598	7,792
CE1:10 Cereals	227	484	-1	710
CE1:11 Oilseeds and other Arable Crops	128	306		434
CE1:12 Sugar and Tobacco	1	261	-23	239
CE1:13 Alcohol and Alcoholic Drinks	407	420		827
CE1:20 Beef	236,555	9,588	-236,230	9,913
CE1:21 Sheep	132,659	3,250	-132,508	3,401
CE1:22 Pigmeat	332	220		552
CE1:23 Eggs and Poultry	244	1,148	-10	1,382
CE1:24 Milk and Milk Products	65	995	-750	310
Sub-Aim Total	**1,446,197**	**32,360**	**-1,443,620**	**34,937**
by creating the conditions in which efficient & sustainable agriculture, fishing & food industries can flourish				
CE2:01 Potatoes	124	117		241
CE2:02 Horticulture	1,547	4,073	-81	5,539
CE2:03 "Alternative" Crops		200		200
CE2:10 Trade Policy and Tropical Foods	167	631		798
CE2:11 Improved Marketing	4,093	709	-1	4,801
CE2:12 International Relations and Export Promotion	4,791	1,179		5,970
CE2:20 Plan Varieties and Seeds	5,273	1,403	-8	6,668
CE2:22 Organic Farming	2,955	328	-553	2,730
CE2:23 Agricultural Resources and Better Regulation	891	839	-50	1680
CE2:30 Conservation of Sea Fish Stocks	6,826	978	-14	7,790
CE2:31 Fishery Structures & Markets	11,677	1,269	-457	12,489
CE2:32 Fish Farming and Shellfish Production	1,902	559	-6	2,455
CE2:34 Fishery Management and Enforcement	10,919	4,101	-1,075	13,945
CE2:40 Rural Economy	20,000	991	-7,800	13,191
CE2:41 Land Use and Tenure	4,333	544		4,877
CE2:42 Royal Botanic Gardens, Kew	17,151	65		17,216
CE2:43 Science Policy	10,524	1,606		12,130
Sub-Aim Total	**103,173**	**19,592**	**-10,045**	**112,720**
by taking action against animal & plant diseases & pests				
CE3:01 Animal Disease Control	24,919	14,352	-1848	37,423
CE3:02 Plant Heath	3,023	4,315	-573	6,765
Sub-Aim Total	**27,942**	**18,667**	**-2,421**	**44,188**
Aim Total	**1,577,312**	**70,619**	**-1,456,086**	**191,845**
To Protect Farm Animals (AW) (Section F of the Estimates)				
by encouraging high welfare standards				
AW1:01 Farm Animal Welfare	697	3,822		4,519
Aim Total	**697**	**3,822**		**4,519**

Annex 5: Estimated Provision for 1998-99 by Programme

1998-99 Class III Vote 2 £000s		MAFF Scheme Costs	Admin. Costs	Receipts*	**Total**
To ensure the best use of Internal Resources in support of the Ministry's Business (IR) (Section G of the Estimates)					
by providing specialist support services					
IR1:01	Audit		1,561		1,561
IR1:02	Press & Information Services	5,017	3,835	-8	8,844
IR1:03	Legal Services	5,834	5,334	-500	10,668
IR1:04	Economics & Statistics	4,792	5,094	-1166	8,720
IR1:05	Information Technology Services		29,394	-481	28,913
Sub-Aim Total		**15,643**	**45,218**	**-2,155**	**58,706**
by allocating resources where they are most needed					
IR2:01	Financial Policy and Control	2	5,085	-133	4,954
IR2:02	Staff Inspection & Consultancy		725		725
IR2:03	Management of Accommodation & Property Resources	545	69,449	-37,118	32,876
IR2:04	Ministers & Top Management	7	1,805		1,805
IR2:06	Devolution Issues		53		53
Sub-Aim Total		**554**	**77,117**	**-37,251**	**40,420**
by the effective management & development of staff					
IR3:01	Management of Human Resources		25,347	-1584	23,763
Sub-Aim Total		**25,347**	**-1584**	**23,763**	
Aim Total		**16,197**	**147,682**	**-40,990**	**122,889**
Ministry's Executive Agencies (EA) (Section H of the Estimates)					
EA1:02	CSL		30,761	-32,286	-1,525
EA1:03	VLA	18	45,222	-50,660	-5,420
EA1:04	PSD	2,994	6,698	-11,890	-2,198
EA1:05	VMD		7,059	-7690	-631
EA1:06	MHS		61,117	-60,736	381
EA1:07	CSL Co-Location	-	-		
EA1:08	FRCA		19,149	-20,660	-1,511
EA1:09	CEFAS		20,427	-25,816	-5,389
Total		**3,012**	**190,433**	**-209,738**	**-16,293**
Research and Development (Section 1 of the Estimates)					124,000
Grand Total					

Reconciliation

Grand Total	£	742	million
Add back receipts not deduced in Cash Plan	£	28	million
MAFF total Domestic Agriculture, Fisheries and Food	£	770	million

Notes* Receipts consists of both Scheme Cost related and Administration Costs related receipts. They include both non-EU and EU receipts.

Annex 6: Local Authority Expenditure[1]

£ million	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 estimated outturn
Intervention Board and EU expenditure						
Current spending						
EU grants for school milk and milk products	36	31	16	15	12	9
Domestic agriculture, fisheries and food						
Current spending						
Programmes to protect the public[2]	31	26	29	31	38	38
Programmes to protect and enhance the rural and marine environment	-3	#	#	#	-1	-1
Total Current spending	28	26	28	31	37	38
Capital spending						
Programmes to protect the public	30	33	31	50	53	48
Programmes to protect and enhance the rural and marine environment	-1	-10	-14	-7	-8	-12
Programmes to improve the economic performance of the agriculture, fishing and food industries	-22	-45	-61	-31	-35	-53
Total Capital spending	**6**	**-23**	**-44**	**12**	**10**	**-17**
of which:						
Gross spending	36	40	38	61	64	58
Capital receipts	-30	-63	-82	-49	-54	-75
Domestic agriculture, fisheries and food	34	3	-16	43	47	20
Total Local Authority Expenditure	70	34	#	58	59	30

Notes: (1) Local authority expenditure includes central government support identified separately in Annex 1 as well as self-financed expenditure.

(2) Excludes levies on local authorities by the Environment Agency which are classified as a negative item under central government grants to local authorities (see Annex 1). This affects figures for 1991/92 onwards.

Annex 7: Running Costs

£ million	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 estimated outturn	1998-99 plans
Intervention Board							
Gross running costs:[1]							
Paybill	17	17	17	17	20	24	
Other	25	26	21	21	37	38	
Total Running Costs	**42**	**43**	**39**	**39**	**57**	**62**	**58**
Related receipts	#	#	#	#	#	#	#
Net expenditure[2]	**42**	**43**	**38**	**38**	**57**	**62**	**57**
Gross Running Costs Limit							58
Ministry of Agriculture, Fisheries and Food							
Gross running costs:[1]							
Paybill	220	240	245	263	279	249	
Other	140	156	162	177	179	166	
Total Running Costs	**361**	**395**	**406**	**440**	**459**	**415**	**454**
Related receipts	-135	-149	-141	-185	-224	-194	-207
Net expenditure[2]	226	246	266	255	235	222	247
Gross Running Costs Limit:							355
Gross control:							
Centre for Environment, Fisheries and Aquaculture Science[2]	11	11	12	12	12	17	19
Meat Hygiene Service[2]			2	37	43	64	61
Pesticides Safety Directorate	5	6	6	6	6	6	6
Running costs by control area:							
Net control areas:							
ADAS[2]							
Gross expenditure	82	83	80	77	74		
Net expenditure	20	15	37	9	6		
Farming and Rural Conservation Agency[2]							
Gross expenditure						18	19
Net expenditure							
Central Science Laboratory[2]							
Gross expenditure	14	15	23	23	24	23	29
Net expenditure	-2	1	-1	1			
Veterinary Laboratory Agency[2]							
Gross expenditure	21	22	20	29	36	36	43
Net expenditure	#		-2	6			
Veterinary Medicines Directorate[2]							
Gross expenditure	3	3	4	7	7	7	7
Net expenditure	1	2	1	#			

(1) The gross control figures are net of any VAT refunds on contracted out services.
(2) A Next Steps Executive Agency (ADAS was privatised on 1 April 1997).
(3) Running costs related receipts from within the running costs provision of other government department's are now offset against the gross running costs limit.
(4) Only the gross running costs limit for 1998/99 is shown as the basis for calculation changes from that year.

Annex 8: Staff Numbers

Staff years		1992-93 actual	1993-94 actual	1994-95 actual	1995-96 actual	1996-97 actual	1997-98 estimated outturn	1998-99 plans
Intervention Board	CS FTEs	980	948	905	864	902	1,033	1,048
	Overtime	28	23	23	23	48	49	23
	Casuals[1]	55	51	83	82	167	211	64
TOTAL IB		**1,063**	**1,022**	**1,011**	**969**	**1,117**	**1,293**	**1,135**
Ministry of Agriculture,	CS FTEs[1][9]	6,706	6,844	6,724[3]	7,262[4]	6,980[5][6]	6,332	8,669
Fisheries and Food	Overtime	137	153	121	318	292	502	242
(Gross Control area)[2]	Casuals[1][9]	394	822	651	735	972	812[8]	161
TOTAL		**7,237**	**7,819**	**7,496**	**8,315**	**8,244**	**7,646**	**9,072**
Veterinary Laboratories	CS FTEs[1][9]	620	646	635	642	951	991	989
Agency	Overtime	16	19	16	20	24	26	25
(Net Control area)	Casuals[1][9]	29	39	37	29	46	44	45
TOTAL		**665**	**704**	**688**	**691**	**1,021**	**1,061**	**1,059**
ADAS/Farming and	CS FTEs[9]	2,201	2,288	1,973	1,721	1,467	487[7]	530
Rural Conservation	Overtime	51	46	45	49	35	3	3
Agency	Casuals[1][9]	152	188	168	143	135	62	60
(Net Control area)								
TOTAL		**2,404**	**2,522**	**2,186**	**1,913**	**1,637**	**552**	**593**
Central Science	CS FTEs[9]	382	405	578[3]	592	560	555	497
Laboratory	Overtime	0	7	8	8	8	6	5
(Net Control area)	Casuals[1][9]	43	48	33	58	56	28	21
TOTAL		**425**	**460**	**619**	**658**	**624**	**589**	**523**
Veterinary Medicines	CS FTEs[9]	80	88	86	89	97	103	128
Directorate	Overtime	0	0	0	0	0	0	0
(Net Control Area)	Casuals[1][9]	9	4	4	6	5	3	0
TOTAL		**89**	**92**	**90**	**95**	**102**	**106**	**128**
TOTAL MAFF		**10,820**	**11,597**	**11,079**	**11,672**	**11,628**	**9,954**	**11,375**

(1) The outturn and estimated figures include casuals filling permanent posts.
(2) Includes PSD, MHS plus CEFAS (from 1 April 1997) staffing figures as they are under gross control.
(3) Reflects the transfer of approximately 200 staff from MAFF Food Science Laboratory into the CSL Agency.
(4) Includes recruitment of approximately 900 new staff for the Meat Hygiene Service from April 1995.
(5) Reflects the transfer of the Veterinary Investigation Service into the VLA.
(6) Includes additional staff recruited to cover BSE related work.
(7) ADAS ceases to exist as a MAFF Executive Agency and FRCA operates as a Net Running Cost Agency from 1 April 1997.
(8) Plans for the future year predict the use of casuals will reduce significantly.
(9) Figures have been calculated by Treasury from Quarterly Staff in Post returns, except for 1998-99 Plans.

Annex 9: Senior Civil Service Salaries in MAFF and IB as at 1 December 1997

Band	Number of Staff [1] [2]
Below £40,000	2
£40,000 – £44,999	3
£45,000 – £49,999	7
£50,000 – £54,999	31
£55,000 – £59,999	31
£60,000 – £64,999	12
£65,000 – £69,999	9
£70,000 – £74,999	7
£75,000 – £79,999	5
£80,000 – £84,999	3
£105,000 – £109,999	1
TOTAL	**111**

Note: [1] Includes staff in post on 1 April 1997 but since departed.

[2] Includes performance bonuses received in the 1997-98 financial year, but relating to performance in the previous financial year. Also includes London Weighting where appropriate.

Annex 10: Analysis by type of Asset (£000's)

	Property*	IT Equipment	Scientific & Research Equipment	Fisheries	Furniture & Fittings	Vehicles	Office Equipment	TOTAL
COST OR VALUATION								
MHC at 1 April 96	**255,486**	**27,464**	**61**	**23,522**	**312**	**3,092**	**3,210**	**312,871**
Additions	47,707	14,019	22	827	4	593	133	59,573
Disposals	2,900	2,153	0	0	0	157	59	5,269
Revaluation		**-3,949**	**12**	**5,590**	**9**	**240**	**147**	**2,049**
MHC at 31 March 97	**300,293**	**35,382**	**94**	**29,940**	**325**	**3,768**	**3,431**	**369,224**
DEPRECIATION								
MHC at 1 April 96	**4,476**	**8,154**	**25**	**14,661**	**85**	**1,988**	**2,064**	**31,453**
Provided in year	9,009	7,805	7	1,666	67	535	280	19,248
Eliminated on disposals	473	626	0	0	0	132	48	1,279
Revaluation		**-1,346**	**5**	**2,843**	**3**	**137**	**85**	**1,727**
MHC at 31 March 97	**13,011**	**13,988**	**36**	**19,170**	**155**	**2,528**	**2,382**	**51,149**
NET BOOK VALUE								
At 1 April 96	**251,010**	**19,310**	**36**	**8,861**	**227**	**1,104**	**1,146**	**281,418**
At 31 March 97	**287,281**	**21,394**	**58**	**10,770**	**170**	**1,240**	**1,049**	**318,074**

*Adjusted

Notes: Throughout 1996-97 development work has continued on the Fixed Assets Register. Further work is planned to ensure that the information produced by the system is of the necessary quality to support Resource Accounting and Budgeting (RAB).

Depreciation is calculated over the expected life of an asset. The specific timescale over which each category of asset has been depreciated therefore takes into account the durability of the asset eg buildings are depreciated over their useful life, whereas IT equipment and allocated cars are depreciated over 4 years.

This Fixed Asset Register covers MAFF only: Agencies maintain their own Asset Registers and determine their own depreciation policies. For further details see the Annual Report and Accounts for the relevant Agency.

Property

Estate rationalisation led to the sale of 18 freehold properties during the 1996/97 year. On 1 April 1996, as a consequence of the review of the management of the Government's Civil Estate, the Ministry assumed responsibility from DOE Property Holdings for 54 buildings.

IT Equipment

The level of expenditure reflects MAFF's increasing use of Information Technology. Some £4.8m was spent on enhancements to MAFFNET, £6.9m on improving the capabilities and quality of PCs, and £2.3m on enhancements and additions to the ITD bureau machines.

Disposals reflect the replacement of outdated technology.

Scientific and Research Equipment

Additional equipment was acquired to support the work of the Veterinary Field Service.

Fisheries

Expenditure relates mainly to the upgrade of IT equipment.

Furniture and Fittings

This expenditure relates to the purchase of a new mobile and static racking system in HQ.

Vehicles

Expenditure largely relates to the replacement of vehicles for field-based organisations such as RSCs and Animal Health Offices.

Office Equipment

The purchase of a conferencing system, photocopiers and franking machines accounted for most of this expenditure.

Details of Capital Projects costing over £150,000 and Reconciliation with the Estimate

Current estimate of expenditure (£'000 97-98 prices)	Year of start/original estimate of year of completion	Current estimate of year of completion	Original estimate of expenditure	Total	Spent in past years	Estimated provision for 98-99	To be spent in future years
Projects in progress							
CSL Co-location [1]	92-93/97-98	97-98	127,548	127,548	124,548	3,000	–
Arthur Rickwood [2]	97-98/97-98	97-98	1,500	1,500	1,400	100	–
CVL Grange Farm [2]	97-98/98-99	98-99	4,000	4,000	2,000	1,650	350
CVL Coombelands Farm [2]	97-98/98-99	99-00	9,000	9,000	2,502	2,950	3,548
CVL Controlled Environment Building [2]	98-99/99-00	99-00	5,500	5,500	508	2,750	2,242
CVL Post Mortem Building [2]	98-99/99-00	99-00	5,500	5,500	504	3,500	1,496
Drayton [2]	98-99/99-00	99-00	14,000	14,000	7,504	5,000	1,496
CVL Research Buildings [2]	98-99/00-01	00-01	3,000	3,000	–	1,000	2,000
Exeter RSC [3]	97-98/98-99	98-99	2,450	2,450	2,050	400	–
Northallerton RSC [3]	97-98/98-99	98-99	2,440	2,440	1,074	1,240	126
Crewe RSC [3]	97-98/98-99	98-99	6,100	6,257	1,096	4,800	361
Reservoirs [4]	97-98/98-99	98-99	2,300	2,300	2,035	265	–
VMD Office [5]	97-98/98-99	98-99	3,500	3,500	2,700	600	200
Other schemes costing between £150,000 and £2 million [6]						1,629	
TOTAL						**27,784**	
Schemes to start [7]						NIL	
TOTAL PROVISION						**27,784**	

Notes:

(1) The new Central Science Laboratory in York. The final facilities were completed in 97/98. Six other laboratories have now been closed and, in four cases, the land will be sold.

(2) These projects are the technical and animal buildings essential to urgent BSE research being constructed at the Central Veterinary Laboratory and elsewhere.

(3) The existing Regional Service Centres at Crewe, Cambridge, Exeter and Northallerton consist of old buildings and temporary hutting. Some buildings have structural problems and all are showing their age. New offices are being acquired and the existing sites sold. Cambridge will be a PFI scheme and so does not show in the above tables.

(4) Expected changes in legislation will make the Crown subject to the regime for water abstraction licences. Reservoirs have had to be constructed at some farms to guarantee year round supplies.

(5) The Veterinary Medicines Directorate executive agency occupies a collection of sub-standard and mainly temporary buildings. A new office building is being constructed on Ministry land to replace them. This offered best value for money compared with a PFI scheme and leased buildings.

(6) This comprises provisions for smaller projects and technical studies.

(7) There is no funding in 1998-99 for additional schemes.

Trend+

	1996-97	1997-98	1998-99
% of projects with later current completion date than original	0	0	0
% of projects with higher current estimate of expenditure than original	0	17	9

Annex 12: UK Agriculture, Fisheries and Food – Territorial Breakdown[1]

	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 estimated outturn	1998-99 plans
Intervention Board and EU expenditure							
Intervention Board [2]	1,093	1,121	493	497	1,679	1,349	1,125
of which: BSE					1,144	821	591
non-BSE	1,093	1,121	493	497	535	529	534
MAFF	365	1,036	1,204	1,516	1,619	1,463	1,471
Scotland	132	243	285	347	419	341	345
Wales	107	160	160	183	220	204	169
Northern Ireland	56	90	115	129	185	143	145
Forestry Commission		3	7	8	8	8	10
Total Intervention Board and EU expenditure (A)[3]	1,753	2,651	2,265	2,680	4,131	3,508	3,265
Domestic agriculture, fisheries and food							
MAFF	737	801	764	827	931	805	770
Scotland	187	179	177	174	181	201	172
Wales	60	49	51	50	53	66	54
Northern Ireland	40	32	27	24	24	31	17
Total domestic agriculture, fisheries and food (B)	1,024	1,062	1,019	1,075	1,189	1,102	1,013
TOTALS							
Intervention Board	1,093	1,121	493	497	1,679	1,349	1,125
MAFF	1,102	1,837	1,969	2,343	2,550	2,268	2,240
Scotland [4]	319	422	462	522	600	541	517
Wales [4]	167	209	211	234	273	270	223
Northern Ireland [4]	96	122	142	153	209	174	162
Forestry Commission [4]		3	7	8	8	8	10
TOTAL FOR AGRICULTURE, FISHERIES AND FOOD INCLUDING TERRITORIAL DEPARTMENTS' EXPENDITURE RECORDED ABOVE (A+B)	2,776	3,713	3,283	3,756	5,320	4,610	4,278
Plus expenditure in Northern Ireland block not recorded above [4]	125	134	160	130	141	151	137
TOTAL FOR AGRICULTURE, FISHERIES AND FOOD IN THE UNITED KINGDOM	2,901	3,847	3,443	3,886	5,461	4,762	4,415

Notes: [1] Intervention Board and MAFF entries can be derived from totals in Annex 1, parts A and B respectively.
[2] Includes support for local authority expenditure on school milk and milk products financed by EU grant.
[3] The operational and programme costs of the CAP reform schemes are shown against the Agriculture Departments' expenditure for 1993-94 to 1998-1999. Discussions on the long-term Departmental responsibilities for the operation of the schemes continue.
[4] This expenditure is included in the main cash plans tables in the Scottish, Welsh and Northern Ireland Departmental Reports, Forestry Commission expenditure is included in the Scottish Departmental Report.

Date	*Minister*	*Destination*
13-14 October	Minister (Dr Cunningham)	ANUGA international, food and drink exhibition Cologne, Germany.
20-25 October	Parliamentary Secretary (L) Lord Donoughue	Indonesian British Council inaugural meeting, agri-business seminar, and Working Group meetings under Memorandum of Understanding (MOU), Indonesia.
9-12 November	Minister (Dr Cunningham)	Meetings with SA Minister of Agriculture, South Africa

Note: This list does not include frequent visits made by Ministers to Brussels, Luxembourg and bilaterals with European Union (EU) and prospective EU counterparts.

MAFF Presence at International Exhibitions

Date	*Event*	*Destination*
9-13 February	International Food and Drink Exhibition	(IFE), London
18-19 February	British Growers Look Ahead (BGLA),	Birmingham
6-10 April	TechAgro '97/Silva Regina,	Brno, Czech Republic
6-9 May	Agrobalt '97,	Vilnius, Lithuania
15-18 May	Agriculture Asia,	Manila, Philippines
11-14 June	National Agricultural Fieldays,	Hamilton, New Zealand
14-17 June	Caspian Food and Agriculture '97,	Baku, Azerbaijan
30 June-3 July	Royal Show, NAC,	Stoneleigh, Warwickshire
30 Aug-7 Sept	ExpoInter,	Esteio (near Porto Alegre), Brazil

Annex 14: Non-Departmental Public Bodies (NDPBs) Sponsored By MAFF

NDPB	Number if a multiple body	Number of Members (including Chairman and Deputy, if applicable) (a)	Number of Staff employed by the body	Total Gross Expenditure of the body) (1996-97) (£m)	Amount of Total Gross Expenditure funded by Government (1996-97) (£m)	Other expenditure by sponsoring department (1996-97) (£m) (b)
Executive Bodies						
Agricultural Wages Board for England and Wales	–	21	3.5 (c)	0.206 (d)	0.206	–
Agricultural Wages Committees (England)	15	190	2 (c)	0.105 (d)	0.105	–
Apple and Pear Research Council	–	9	1	0.449	–	0.028
Food from Britain	–	14	23	11.520	5.318	0.12
Home Grown Cereals Authority	–	15	54	8.894	0.123	0.039
Horticultural Development Council	–	14	10	2.896 (f)	–	0.033
Horticulture Research International	–	10	631 (g)	22.957	16.914 (h) (i)	0.068
Meat and Livestock Commission	–	14	567	51.782	–	0.252
Milk Development Council	–	11	5	3.922	–	0.008
Regional Flood Defence Committees (j)	9	157	–	–	–	–
Royal Botanic Gardens, Kew	–	12	512	26.926	18.936	0.076
Sea Fish Industry Authority	–	12	142.5	10.592	0.400	0.222
United Kingdom Register of Organic Food Standards	–	13	1.75	0.104 (d)	–	0.089
Wine Standards Board of the Vintner's Company	–	5	12.5	0.478	0.313	0.042
Advisory Bodies						
Advisory Committee on Novel Foods and Processes	–	16	–	N/A	0.150	N/A
Advisory Committee on Pesticides	–	14	–	N/A	0.47 (k)	N/A
Agricultural Dwelling House Advisory Committees	15	325	–	N/A	0.290	N/A
Committee of Investigation for Great Britain	–	7	–	N/A	–	N/A
Committee on Agricultural Valuation	–	13	–	N/A	–	N/A
Consultative Panel on Badgers and Tuberculosis	–	18	–	N/A	0.005	N/A
Consumers' Committee for Great Britain	–	7	–	N/A	0.011	N/A
Consumer Panel	–	10	–	N/A	0.092 (l)	N/A
Farm Animal Welfare Council	–	22	–	N/A	0.320	N/A
Food Advisory Committee	–	15	–	N/A	0.1	N/A
Hill Farming Advisory Committee	–	15	–	N/A	0.024 (m)	N/A
Regional Panels (n)	9	–	–	N/A	0.110	N/A
Spongiform Encephalopathy Advisory Committee (o)	–	12	–	N/A	0.151	N/A
Sugar Beet Research and Education Committee	–	7	–	N/A	–	N/A
Veterinary Products Committee	–	21	–	N/A	0.071	N/A

Annex 14: Non-Departmental Public Bodies (NDPBs) Sponsored By MAFF

NDPB	Number if a multiple body	Number of Members (including Chairman and Deputy, if applicable) (a)	Number of Staff employed by the body	Total Gross Expenditure of the body) (1996-97) (£m)	Amount of Total Gross Expenditure funded by Government (1996-97) (£m)	Other expenditure by sponsoring department (1996 - 97) (£m) (b)
Tribunals						
Agricultural Land Tribunals (England)	7	250	–	N/A	0.231	N/A
Dairy Produce Quota Tribunal	–	69	–	N/A	–	N/A
Meat Hygiene Appeals Tribunal (England and Wales)	–	21	–	N/A	0.010	N/A
Plant Varieties and Seeds Tribunal (p)	–	35	–	N/A	–	N/A
Public Corporations						
Covent Garden Market Authority	–	5	–	N/A	–	N/A

(a) This figure includes both members appointed by HM Queen or HM Government and those appointed by others.
(b) This is the net cost to MAFF in carrying out its sponsorship role in 1996-97. These figures principally include staff costs, accomodation and common service costs, fees and expenses. They exclude expenditure which is repaid by the body; loans to the body and payments to it for services; direct funding as shown in the previous column; and expenditure on associated policy work undertaken by the department which does not depend upon the existence of that body.
(c) Supported by staff from within the sponsoring department. Representatives of workers and employers are nominated by their respective unions.
(d) Expenditure forms part of the total MAFF expenditure.
(e) Forecast expenditure for the year ending 30 June.
(f) Expenditure is for the period 1995-96 since the HDC financial year runs from 1 October to 30 September.
(g) Only 195 staff are employed directly. The rest are seconded from the Biotechnology and Biological Sciences Research Council (349 staff) and MAFF (87 staff).
(h) Data relates to 1995-96.
(i) Includes £13,247m income commissioned on a customer/supplier basis.
(j) RFDCs are statutory executive committees of the Environmental Agency (EA) which meets their administrative costs. They are supported by EA staff. The EA are accountable for expenditure.
(k) Total includes a percentage of costs which are subsequently recouped from Industry. Costs are for MAFF and the Health and Safety Executive and include staff costs incurred by the Advisory Committees supporting panels.
(l) £0.006m of this expenditure is borne on the Department of Health's vote.
(m) Excludes costs incurred by Department of Agriculture for Northern Ireland and the Welsh Office Agriculture Department.
(n) Regional Panels were disbanded on 28 May 1997.
(o) Jointly funded by the Ministry of Agriculture, Fisheries and Food and the Department of Health.
(p) One tribunal covers UK but there are separate chairpersons depending upon whether it meets in England and Wales, Scotland or Northern Ireland. The Tribunal has not been convened since 1984.

This annex gives details of the main advisory committees on food matters. Their work is relevant in particular to Programmes PP1:01, PP1:02, PP1:04, PP1:05, PP1:06 and PP1:08. Consumer members or representatives of the public interest are being added to advisory committees where not already present.

ADVISORY COMMITTEE ON THE MICROBIOLOGICAL SAFETY OF FOOD (ACMSF)

1. This committee, which is supported jointly by MAFF and DH, has the general remit of advising Ministers on the microbiological safety of food and on the Government's microbiological food surveillance programme. It has a broad membership which includes academic, health, industry and consumer interests. The ACMSF is expected to publish two major reports during 1998, one on foodborne viral infections and the other on microbial antibiotic resistance.

ADVISORY COMMITTEE ON NOVEL FOODS AND PROCESSES (ACNFP)

2. The ACNFP, which is supported jointly by MAFF and DH, scrutinises applications for the clearance of novel products and processes which companies may wish to market within the EU and advises Ministers on any food safety issues which may arise. The committee is made up mainly of scientists, but includes two lay members with consumer and ethical backgrounds. It has recently been assessing about 12 applications per year, but the number is likely to increase when the uncertainty surrounding the recently introduced EU 'Novel Foods' Regulation is resolved. A report of the committee's work is published each year.

ADVISORY COMMITTEE ON PESTICIDES (ACP)

3. The ACP is a statutory expert committee advising Ministers in five Departments on any matters relating to the control of pests, and in particular, the regulation of pesticides. Its main role is to recommend whether pesticides can be allowed for use and if so under what conditions. An Annual Report summarising its work is published as are its evaluations of particular pesticide chemicals. Evaluation documents concerning applications for new active substances or reviews of active substances are available as priced publications from the ACP secretariat at the Pesticides Safety Directorate.

COMMITTEE ON MEDICAL ASPECTS OF FOOD AND NUTRITION POLICY (COMA)

4. This is a DH committee which advises Government through the Chief Medical Officer on nutritional aspects of health in relation to policy. It has a broad membership, principally medical and scientific, but with consumer, industry and other interests represented. Current work includes a review of nutritional aspects of cancer, and scrutiny of existing data on the nutritional status of the population.

COMMITTEES ON TOXICITY/MUTAGENICITY/CARCINOGENICITY OF CHEMICALS IN FOOD, CONSUMER PRODUCTS AND THE ENVIRONMENT (COT/COM/COC)

5. These DH committees assess and advise Government through the Chief Medical Officer on the toxic risks to man of substances in food, consumer products and the environment. They also advise on important general principles or new scientific discoveries in connection with toxic risks and make recommendations for toxicity testing. They are made up of medical and scientific experts. The COT works closely with other committees, especially the Food Advisory Committee and the Advisory Committee on Novel Foods and Processes. A report of the committee's work is published each year.

CONSUMER PANEL (CP)

6. The Consumer Panel consists of 10 ordinary consumers mostly nominated by, but independent of, the main consumer organisations, who advise the Minister of State for Food Safety on food issues of concern to consumers, the transparency of food policies and comment on advice and information for the public.

FOOD ADVISORY COMMITTEE (FAC)

7. This broadly based committee, supported jointly by DH and MAFF, and with members from academic, industry, enforcement and consumer backgrounds, advises Ministers on the chemical safety of food (especially food additives and contaminants), food composition, labelling and general questions relating to food safety. It also oversees MAFF's food chemical surveillance programme. In 1997 it advised on such matters as the presence of furfural and chloropropanols in foods and levels of vitamin B6 in dietary supplements as well as commenting on the results of a number of food surveys. In a move towards increased openness, the FAC now releases the minutes of its meetings and meeting papers as well as publishing a quarterly newsletter entitled "Food for Thought". FAC news releases, and further information about FAC publications are available via MAFF's website. A report of the committee's work is published each year.

SPONGIFORM ENCEPHALOPATHY ADVISORY COMMITTEE (SEAC)

8. This committee of expert scientists advises Government on matters relating to spongiform encephalopathies, and in particular, bovine spongiform encephalopathy (BSE) and Creutzfeldt-Jakob Disease (CJD). The secretariat is supplied jointly by DH and MAFF.

VETERINARY PRODUCTS COMMITTEE (VPC)

9. The VPC was established in 1970 under Section 4 of the Medicines Act 1968. It provides advice to the Agriculture and Health Ministers, who jointly form the Licensing Authority, on the safety, quality and efficacy, in relation to veterinary use, of any substance or article (other than instruments, apparatus or appliances) to which any provisions of the Medicines Act applies. It also promotes the collection of information relating to suspected adverse reactions in both animals and humans to veterinary medicinal products. A report of the committee's work is published annually.

The Bibliography contains details of the reports mentioned in this annex and information on how to obtain them.

COMMITTEE OR AUTHORITY	Appointment From	Until	Remuneration
Advisory Committee on Novel Foods and Processes			
Chairman **Professor Janet Mary Bainbridge**	1/10/1997	31/8/200	£165 per mtg
Members			
Professor Peter John Aggett	1/9/1997	31/8/2000	£131 per mtg
Professor Charles Brown	25/9/1997	31/8/2000	£131 per mtg
Dr John Heritage	25/9/1997	31/8/2000	£131 per mtg
Professor David Arthur Ledward	1/9/1997	31/8/2000	£131 per mtg
Professor Ian Rowland	25/9/97	31/8/2000	£131 per mtg
Professor Ronald Walker	1/9/1997	31/8/2000	£131 per mtg
Advisory Committee on Pesticides			
Chairman **Professor Sir Colin Leonard Berry**	1/1/1997	31/12/1999	£165 pm
Deputy **Professor Geoffrey Roger Sagar, CBE**	1/1/1997	31/12/1999	£131 per mtg
Members			
Professor Alan Boobis	1/1/1997	31/12/1999	£131 pm
Professor Peter Calow	1/1/1997	31/12/1999	£131 pm
Dr David N M Coggon	1/1/1997	31/12/1997	£131 pm
Professor Anthony Dayan	1/1/1997	31/12/1999	£131 pm
Professor Donald L Lee	1/1/1997	31/12/1999	£131 pm
Mr Jim Orson	1/1/1997	31/12/1997	£131 pm
Professor Michael Roberts	1/1/1997	31/12/1997	£131 pm
Professor Ian C Shaw	1/1/1997	31/12/1997	£131 pm
Dr Colin A Soutar	1/1/1997	31/12/1999	£131 pm
Professor Paul Webster	1/1/1997	31/12/1999	£131 pm
Agricultural Dwelling House Advisory Committee – East Midlands Region			
Chairman **Miss Emma J Huntsman**	1/7/1997	31/12/1999	£86 per day
South Mercia Region			
Chairman **Mr Raymond Druett**	1/1/1997	31/12/1998	£86 per day
Mrs Evelyn Mary Milton	1/1/1997	31/12/1998	£86 per day
Mr Glyn Nicholas	1/1/1997	31/12/1998	£86 per day
Wessex Region			
Members			
Mr George R Bartaby	1/1/1997	31/12/1998	–
Mr G C Clifton	1/1/1997	31/12/1998	–
Mr K A Parsons	1/1/1997	31/12/1998	–
Wing Cdr N Rollin	1/1/1997	31/12/1997	–
Mr G N Sellers	1/1/1997	31/12/1997	–
Mrs Mary R Sellers	1/1/1997	31/12/1997	–
Mr G F Vincent	1/1/1997	31/12/1997	–

COMMITTEE OR AUTHORITY	Appointment From	Until	Remuneration
Agricultural Wages Committee			
(Beds., Cambs., Essex and Herts.)			
Member **Ms Jeanette Irene Firrell**	1/1/1997	31/12/1998	£68 per day
(Cornwall and Isles of Scilly and Devon)			
Members			
Mrs Doris Martyna Ansari	9/7/1997	30/6/1999	£68 per day
Wing Cdr George William Edgar Newby	1/7/1997	30/6/1999	£68 per day
(South Mercia)			
Chairman **Mr Roger Bailey Weaver**	24/7/1997	30/6/1999	£86 per day
Member **Mr Keith Johnson**	24/7/1997	30/6/1999	£68 per day
(Suffolk and Norfolk)			
Member **Mr James Robert Leishman**	1/1/1997	31/12/1998	£68 per day
(Avon, Dorset, Somerset & Wiltshire)			
Member **Mrs Mary R Sellers**	1/1/1997	31/12/1998	£68 per day
Apple and Pear Research Council			
Chairman **Professor Ian Swingland**	11/12/1997	10/12/2000	
British Potato Council			
Chairman **Mr David Francis Walker**	1/4/1997	31/3/2000	£50,000 pa
Members			
Mr Anthony William James Bambridge	14/5/1997	31/3/2000	To be agreed
Mr Thomas Clint Bulmer	14/5/1997	31/3/2000	"
Mrs Margaret E F Carmichael	14/5/1997	31/3/2000	"
Mr William John Chinn	14/5/1997	31/3/2000	"
Mr James Strachan Cruickshank	14/5/1997	31/3/2000	"
Mr Malcom Richard Forbes	14/5/1997	31/3/2000	"
Mr John Richard Harris	14/5/1997	31/3/2000	"
Mr David Allan Key	14/5/1997	31/3/2000	"
Mr John Manchett	14.5/1997	31/3/2000	"
Mr David John Treadgold Piccaver	14/5/1997	31/3/2000	"
Mr Walter Richard Simon	14/5/1997	31/3/2000	"
Mr Richard Solari	31/5/1997	31/3/2000	"
Mr Allan McFadzean Stevenson	14/5/1997	31/3/2000	"
Mr David Yoolow Stewart	14/5/1997	31/3/2000	"
Mr Nicholas Ian Vermont	14/5/1997	31/3/2000	"

COMMITTEE OR AUTHORITY	Appointment From	Until	Remuneration
Consultative Panel on Badgers and Bovine Tuberculosis			
Member **Mr T D A Brigstock**	13/10/97	31/3/1998	
Consumer Panel			
Members			
Mr John Godfrey	15/2/1997	14/2/2000	£131 per mtg
Mr John Keith Hosker	14/2/1997	14/2/2000	£131 per mtg
Miss Jane Lloyd Hughes	15/2/1997	14/2/2000	£131 per mtg
Mrs Mary H Kidd JP	15/2/1997	14/2/2000	£131 per mtg
Mrs Janet Laurence	15/2/1997	15/2/1999	£131 per mtg
Ms Eva Lewis	15/2/1997	14/2/2000	£131 per mtg
Ms Jacqueline Salfield	14/2/1997	14/2/2000	£131 per mtg
Mrs Phyllis M Sluce	14/2/1997	14/2/1999	£131 per mtg
Dr Jane Wilde	15/2/1997	14/2/2000	£131 per mtg
Environment Agency Board			
Member **Mr Gerald Cyril Manning OBE**	8/8/1997	7/8/2000	£21,435 pa
Farm Animal Welfare Council			
Members			
Professor Donald M Broom	1/7/1997	31/12/1999	£86 per day
Professor Stephen R. L Clark	1/1/1997	31/3/2000	£86 per day
Mr John A C Don	1/7/1997	31/12/1999	£86 per day
Mr Tim Charles Harris	1/1/1997	31/12/1999	£86 per day
Mrs Judy MacArthur Clark	1/1/1997	31/12/1999	£86 per day
Miss Miriam Jane Parker	1/1/1997	31/12/1999	£86 per day
Dr Mark Pattison	1/7/1997	31/12/1998	£86 per day
Dr Martin James Potter	1/1/1997	31/12/1999	£86 per day
Mr J Glyn Thomas	1/1/1997	31/12/1997	£86 per day
Dr Agnes Winter	1/7/1997	31/12/1999	£86 per day
Food Advisory Committee			
Chairman **Professor Sir Colin Murray Campbell**	1/11/1997	31/10/1999	£165 per mtg
Deputy **Mr Roger Manley**	1/11/1997	31/10/1999	£131 per mtg
Members			
Dr E Maureen S Edmondson	1/11/1997	31/10/2000	£131 per mtg
Mr Thomas Miller	1/11/1997	31/10/1999	£131 per mtg
Professor Christopher Ritson	1/11/1997	31/10/1999	£131 per mtg
Dr Philip William Strachan	1/11/1997	31/10/1999	£131 per mtg

COMMITTEE OR AUTHORITY	Appointment From	Until	Remuneration
Food From Britain			
Members			
Mr Donald Thomas Younger Curry CBE	10/6/1997	9/6/2000	£1804 pa
Mr Richard Lazenby	1/12/1997	1/10/2000	£1804 pa
Mr Meurig Raymond	1/12/1997	1/10/2000	£1804 pa
Harbour Commission (Port Isaac)			
Member **Mr Peter D Edwards**	17/10/1997	16/10/2000	
(Newlyn Pier)			
Member **Mr Douglas Williams**	20/9/1997	19/9/2000	
Home Grown Cereals Authority			
Deputy			
Dr Caroline Lesley Vaughan	16/6/1997	2/6/2000	£6,830 pa
Mr Christopher Thomas Barnes	5/6/1997	2/6/2000	£3,400 pa
Mr Julian Edward Gibbons	9/9/1997	2/6/1999	£3,400 pa
Mr John William David Gilliland	3/6/1997	2/6/2000	£3,400 pa
Mr Anthony John Reynolds	5/6/1997	2/6/2000	£3,400 pa
Mr Glen Sanderson	5/6/1997	2/6/2000	£3,400 pa
Mr Peter Stewart	10/6/1997	2/6/2000	£3,400 pa
Horticulture Research International			
Chairman **Mr John Frederick Valentine**	25/7/1997	Resigned on health grounds	
Members			
Mr Michael G Holmes	1/7/1997	30/6/2000	£4,430 pa
Mr Anthony G Jeffries	25/7/1997	30/6/2000	£4,430 pa
Mr David John Treadgold Piccaver	25/7/1997	30/6/2000	£4,430 pa
Dr Richard Forrest Pugh	1/7/1997	30/6/2000	£4,430 pa
Mr Martin Rowe	25/7/1997	30/6/2000	£4,430 pa
Marks Hall Estate – Thomas Phillips Price Trust			
Mr Francis Hugh Nicholls	1/1/1997	31/12/2001	Nil
Meat and Livestock Commission			
Chairman **Mr Donald Thomas Younger Curry CBE**	1/4/1997	31/3/2000	£58,135 pa
Member **Mr Louis David Walker MBE**	1/6/1997	31/5/2000	£6,820 pa
New Forest Verderers			
Mr John Perry	27/7/1997	26/7/2000	

COMMITTEE OR AUTHORITY	Appointment From	Until	Remuneration
Plant Varieties and Seeds Tribunal			
Members			
Mr C R Alderton	1/10/1997	30/9/2000	ß
Mr J G Atherton	1/10/1997	30/9/2000	ß
Dr John S Brockman	1/10/1997	30/9/2000	ß
Mr J R Gill	1/12/1997	30/11/2000	ß
Professor H J Gooding	1/10/1997	30/9/2000	ß
Professor Roger Thomas Plumb	1/12/1997	30/11/2000	ß
Dr A R Rees	1/10/1997	30/9/2000	ß
Mr Brian F Self	1/12/1997	30/11/2000	ß
Dr Charles J Wright	1/10/1997	30/9/2000	ß
Regional Fisheries Advisory Committee (Environment Agency)			
(Anglian)			
Chairman **Mr Christopher William Milner Penn**	1/4/1997	31/3/2000	
Midlands			
Chairman **Mr Gregory St. Claire Ayres**	1/4/1997	31/3/2000	
North East			
Chairman **Mr John Edward Hugh Neill Becker**	1/4/1997	31/3/2000	
North West			
Chairman **Mr James Ronald Carr**	1/4/1997	31/3/2000	
South West			
Chairman **Mr Christopher Rainshaw Rothwell**	1/4/1997	31/3/2000	
Southern			
Chairman **Mr Nicholas Giles**	1/4/1997	31/3/2000	
Thames			
Chairman **Mr Peter Thomas McIntosh**	1/4/1997	31/3/2000	
Regional Flood Defence Committee			
(Anglian)			
Chairman **Mr William Humphrey Randall Squier**	1/7/1997	30/6/2000	£12,760 pa
Members			
Mr Robert James Epton	1/7/1997	30/6/2000	–
Sir Edward Bernard Greenwell Bt DL	1/7/1997	30/6/2000	–
Mr Terence Keith Jagger	1/7/1997	30/6/2000	–
Ms Fiona Jane Madgwick	1/7/1997	30/6/2000	–
Mr Anthony John Morbey	1/7/1997	30/6/2000	–
Mr David John Riddington OBE	1/7/1997	30/6/2000	–

COMMITTEE OR AUTHORITY	Appointment From	Until	Remuneration
(Severn – Trent)			
Chairman **Mr John Dainty OBE**	1/7/1997	30/6/2000	£12,760 pa
Members			
Mr David Chapman	1/7/1997	30/6/2000	–
Dr Thomas Robert Edward Chidley	1/7/1997	30/6/2000	–
Mrs Joan Florence Rocliffe Davies	1/7/1997	30/6/2000	–
Mr Andrew John Lawson Fraser	1/7/1997	30/6/2000	–
Mr John Robert Hammond	1/7/1997	30/6/2000	–
Mr John Grant Markwick	1/7/1997	30/6/2000	–
Mr Martin Richard Prosser	1/7/1997	30/6/2000	–
(North West)			
Chairman **Mr William Milbourn Wannop OBE JP**	1/7/1997	30/6/2000	£12,760 pa
Member			
Mr Peter Maxwell Entwistle	1/7/1997	30/6/2000	–
Mr Sidney David Hill	1/7/1997	30/6/2000	–
Mr Paul Anthony Edwin Johnson	1/7/1997	30/6/2000	–
Mr Magnus Charles Mowat	1/7/1997	30/6/2000	–
(Northumbria)			
Chairman **Mr John Proctor Hackney**	1/7/1997	30/6/2000	£10,210 pa
Member			
Mr John William Clough MBE	1/7/1997	30/6/2000	–
Mr Richard Michael Crossley	1/7/1997	30/6/2000	–
Mr Roger Steven Peregrine Howell	1/7/1997	30/6/2000	–
Mr David George Hovenden Stewart	1/7/1997	30/6/2000	–
Mrs Josephine Margaret Turnbull	1/7/1997	30/6/2000	–
(South West)			
Chairman			
Miss Deborah Jean Clark	8/8/1997	30/6/2000	£12,760 pa
Mr Gerald Cyril Manning OBE	1/7/1997	7/8/1997	£12,760 pa
Members			
Dr Peter Bennett Beale	1/7/1997	30/6/2000	–
Mr Roy Fairclough	1/7/1997	30/6/2000	–
Mr David Ian Lobban	8/8/1997	30/6/2000	–
Mr Michael John Stanbury	1/7/1997	30/6/2000	–
Mr Richard Alexander Lea Waller	1/7/1997	30/6/2000	–

COMMITTEE OR AUTHORITY	Appointment From	Until	Remuneration
(Southern)			
Chairman **Mr William Cutting**	1/7/1997	30/6/2000	£12,760 pa
Members			
Dr Alan Drinkwater	1/7/1997	30/6/2000	–
Mr Stephen Arthur Gilbert	1/7/1997	30/6/2000	–
Mr Donald Norman Greenwood	1/7/1997	30/6/2000	–
Mr Gerald Skene	1/7/1997	30/6/2000	–
Mr Martin John Griffin Tapp	1/7/1997	30/6/2000	–
(Thames)			
Chairman **Mrs Jean Venables MBE**	1/7/1997	30/6/2000	£12,760 pa
Member			
Mrs Clare Elizabeth Broom	1/7/1997	30/6/2000	–
Mrs Pamela Margaret Castle	1/7/1997	30/6/2000	–
Mr John Ernest Fowler	1/7/1997	30/6/2000	–
Prof Jeremy Belmore Joseph	1/7/1997	30/6/2000	–
Mr Frank Lucas	1/7/1997	30/6/2000	–
Mr Charles Arthur John Oliver-Bellasis	1/7/1997	30/6/2000	–
Mr Richard Edward Laurie Pile	1/7/1997	30/6/2000	–
Dr Peter Ryder, CB	1/7/1997	30/6/2000	–
(Wessex)			
Chairman **Mr Giles Patrick Sturdy JP DL**	1/7/1997	30/6/2000	£12,760 pa
Member			
Mr John Barnard Bush JP	1/7/1997	30/6/2000	–
Mr Brian Michael Chandler	1/7/1997	30/6/2000	–
Mr Jonathan Ben Comer	1/7/1997	30/6/2000	–
Dr Jonathan Michael Gething	1/7/1997	30/6/2000	–
(Yorkshire)			
Chairman **Mr Thomas Downing Collier**	1/7/1997	30/6/2000	£10,210 pa
Member			
Mr John Kenneth Bowers	1/7/1997	30/6/2000	–
Mr Barry Richard Croft	1/7/1997	30/6/2000	–
Mr Stephen David Roberts	1/7/1997	30/6/2000	–
Royal Botanic Gardens, Kew			
Lord Michael John Blakenham	23/10/1997	11/10/2001	
Ms Moira Elizabeth Black	23/10/1997	11/10/2000	
Professor Christopher Payne OBE	23/10/1997	11/10/2000	

COMMITTEE OR AUTHORITY	Appointment From	Until	Remuneration
Sea Fisheries Committee			
(Cornwall)			
Member			
Mr Anthony Blewett	1/7/1997	30/6/2001	*
Mr Julian N J Brown	1/7/1997	30/6/2001	*
Mr Christopher Curtis	1/7/1997	30/6/2001	*
Mr Stephen Eric Farrar	1/7/1997	30/6/2001	*
Mr William H Hocking	1/7/1997	30/6/2001	*
Mrs Celia J Mitchell	1/7/1997	30/6/2001	*
Mr James D C Muirhead	1/7/1997	30/6/2001	*
Mr Richard Trevor Platt	1/6/1997	30/6/2001	*
Mr Anthony Tomlinson	1/7/1997	30/6/2001	*
Dr Nicholas Jeremy Charles Tregenza	1/7/1997	30/6/2001	*
Mr Peter G Walton	1/7/1997	30/6/2001	*
Mr David John Wearne	1/7/1997	30/6/2001	*
(Cumbria)			
Member			
Mr Daniel Baxter	1/7/1997	30/6/2001	*
Mr Ralph Calvin	1/7/1997	30/6/2001	*
Mr David Harpley	1/7/1997	30/6/2001	*
Mr Douglas Gregory Irving	1/7/1997	30/6/2001	*
Mr John McAvoy	1/7/1997	30/6/2001	*
Mr Douglas W Smith	1/7/1997	30/6/2000	*
(Devon)			
Member			
Mr Richard Fowler	1/7/1997	30/6/2001	*
Mr Peter Hambly	1/7/1997	30/6/2001	*
Mr David L Jarrad	1/7/1997	30/6/2001	*
Mr Anthony Leonard Powder (Now Deceased)	1/7/1997	22/7/1997	*
Mr David Rowe	1/7/1997	30/6/2001	*
Mr Roland Stanley	1/7/1997	30/6/2001	*
Mr Christopher Venmore	1/7/1997	30/6/2001	*
Mr Michael Vince	1/7/1997	30/6/2001	*
Mr Richard White	1/7/1997	30/6/2001	*
Mr Lawrence Winsborrow	1/7/1997	30/6/2001	*

COMMITTEE OR AUTHORITY	Appointment From	Until	Remuneration
(Eastern)			
Member			
Mr Roy Brewster	1/7/1997	30/6/2001	*
Mr Robert Charles Brinkley	1/7/1997	30/6/2001	*
Mr John Davies	1/7/1997	30/6/2001	*
Mr Ivan George Large	1/7/1997	30/6/2001	*
Mr Paul Murby	1/7/1997	30/6/2001	*
Mr David Shilling	1/7/1997	30/6/2001	*
Mr Cyril, A R Southerland	1/7/1997	30/6/2001	*
Mr John Williamson	1/7/1997	30/6/2001	*
Mr David Wright	1/7/1997	30/6/2001	*
(Isles of Scilly)			
Members			
Mr Barry Bennett	1/7/1997	30/6/2001	*
Mr Andrew R Goddard	1/7/1997	30/6/2001	*
Mr Mark Adam Groves	1/7/1997	30/6/2001	*
Mr Timothy Edwin Richards	1/7/1997	30/6/2001	*
(Kent and Essex)			
Members			
Mr Thomas Brown	1/7/1997	30/6/2001	*
Mr John Gale	1/7/1997	30/6/2001	*
Mr Paul Gilson	1/7/1997	30/6/2001	*
Mr Kenneth W Green	1/7/1997	30/6/2001	*
Mr Richard Allen Jacobs	1/7/1997	30/6/2001	*
Mr Barry Martin	1/7/1997	30/6/2001	*
Mr Anthony V Meddle	1/7/1997	30/6/2001	*
Mr Peter John Nichols	1/7/1997	30/6/2001	*
Mr Peter Raine	1/7/1997	30/6/2001	*

COMMITTEE OR AUTHORITY	Appointment From	Until	Remuneration
(North Eastern)			
Members			
Mr Graham Collins	1/7/1997	30/6/2001	*
Mr Roy Cullen	1/7/1997	30/6/2001	*
Mr Kenneth Davies	1/7/1997	30/6/2001	*
Mr George Henry David Delhoy	1/7/1997	30/6/2000	*
Mr Michael John Emmerson	10/10/1997	30/6/2001	*
Dr Christopher Leslie John Frid	1/7/1997	30/6/2001	*
Mr Derek Heselton MBE	1/7/1997	30/6/2001	*
Mr David Horsley	1/7/1997	30/6/2001	*
Mr Dale Johnson	1/7/1997	30/6/2001	*
Mr Steven J Leadley	1/7/1997	30/6/2001	*
Mr Frank Nesbitt	1/7/1997	30/6/2001	*
Mr Barry Edward Pilmoor	1/7/1997	30/6/2001	*
Mr Colin Clive Spencer Radcliffe	1/7/1997	30/6/2001	*
Mr Robert Robertson	1/7/1997	30/6/2001	*
Mr Dylan Silverwood	1/7/1997	30/6/2001	*
Mr Thomas W Smith	1/7/1997	30/6/2001	*
Mr George H Traves	1/7/1997	30/6/2001	*
(Northumberland)			
Member			
Miss Helen Ashworth	1/7/1997	30/6/2001	*
Mr James Bilton	1/7/1997	30/6/2001	*
Mr Cedric Bilverstone	1/7/1997	30/6/2001	*
Mr David Herriott	1/7/1997	30/6/2001	*
Mr James Stephenson	1/7/1997	30/6/2001	*
Mr John Dent Taylor	1/7/1997	30/6/2001	*
Mr John Thomson	1/7/1997	30/6/2001	*
Mr Colin Thomas Warwick MBE	1/7/1997	30/6/2001	*
(Southern)			
Member			
Mr David William Davies	1/7/1997	30/6/2001	*
Mr Raymond L Hayles	1/7/1997	30/6/2001	*
Mr Anthony Jenson	1/7/1997	30/6/2001	*
Mr Alan Frank Lander	1/7/1997	30/6/2001	*
Mr Kenneth Lynham	1/7/1997	30/6/2001	*
Mr Michael A O'Sullivan MBE	28/5/1997	30/6/1997	*
Mr David E Sales	1/7/1997	30/6/2001	*
Mrs Stella Stride	1/7/1997	30/6/2001	*
Mr Robert Keith Watton	1/7/1997	30/6/2001	*
Mr Nicholas Weeks	1/7/1997	30/6/2001	*

COMMITTEE OR AUTHORITY	Appointment From	Until	Remuneration
(Sussex)			
Member			
Mr Gary Petre Brownrigg	1/7/1997	30/6/2001	*
Mr Graham Coglan	1/7/1997	30/6/2001	*
Mr Anthony Peter Delahunty	1/7/1997	30/6/2001	*
Mr Graham Doswell	1/7/1997	30/6/2001	*
Mr William P Reece	1/7/1997	30/6/2001	*
Mr Alan Keith Schofield	1/7/1997	30/6/2001	*
Mr David C Scott	1/7/1997	30/6/2001	*
Mr Ronald Simmons	1/7/1997	30/6/2001	*
Dr Anthony Whitbread	1/7/1997	30/6/2001	*
Sugar Beet Research and Education Committee			
Member			
Dr Michael J Armstrong	1/7/1997	30/6/2000	–
Mr John H R Hoyles	1/7/1997	30/6/2000	£155 per mtg

Details of remuneration, and of any other payments made, are published in "Public Bodies 1997."
All payments marked (per day) or (per meeting) are paid for actual full days worked or committee meetings.
Entries marked "–" receive expenses or loss of earnings only.
Regional Flood Defence Committees are statutory executive committees of the Environment Agency (EA) which meets their administrative costs. They are supported by EA staff. The EA is accountable for expenditure.
* Appointees to Sea Fisheries committees are paid by Local Authorities
ß The PVS Tribunal has not met since 1984. The current fees are:
Chairman (Silk £324, Non-Silk £265), Members £122.

Annex 17: Maff Sponsored Public Bodies Appointments due for Review in 1998

Date of Expiry	Body	Numbers
February 1998	Milk Development Council	11
	Hill Farming Advisory Committee	15
March 1998	Advisory Committee on Novel Foods and Processes	9
	Consultative Panel on Badgers and Tuberculosis	18
	Food Advisory Committee	1
	Meat and Livestock Commission	5
June 1998	Home Grown Cereals Authority	5
	Sugar Beet Research and Education Committee	3
July 1998	Royal Botanic Gardens, Kew	1
	Consumers Committee for Great Britain	5
	Committee of Investigation for Great Britain	6
September 1998	Food from Britain	4
	Meat and Livestock Commission	6
October 1998	Royal Botanic Gardens, Kew	6
	Food Advisory Committee	8
November 1998	United Kingdom Register of Organic Food Standards	4
December 1998	Spongiform Encephalopathy Advisory Committee	5
	Agricultural Dwelling House Advisory Committees (various Regions)	17
	Agricultural Wages Committees (Various Regions)	3
	Farm Animal Welfare Council	5

RE3:01 – Environmentally Sensitive Areas

Staff time spent per ESA scheme application in 1996-97 was 5.29 days (5.57 days in 1995-96).

RE3:02 – Conservation, Habitat Scheme and Access

A Citizens Charter commitment for the Habitat Scheme has not yet been formally adopted. In the case of new applications, timescales will be laid down for informing applicants of whether or not they have been successful and for issuing agreements; these will vary between the three scheme elements. MAFF also aims to pay all Habitat Scheme claims by 30 April (if they are received by 1 April) or within a month of receipt if they are received after 1 April. In 1997, 93% of applications were approved and 72% of claims paid within these deadlines.

RE3:03 – Farm Woodlands

Under its "Commitment to Service", the Ministry has undertaken normally to process all FWPS applications within one month of receipt, and to pay all claims received by 1 August in the latter half of October. In 1997, 86% of applications were approved and 73 % of claims were paid within the Citizens Charter deadline.

RE3:04 – Countryside Management

98.5% of licence applications were determined within the Ministry's Commitment to Service target of 30 working days.

CE1:02 – CAP Schemes Management

Farmers in England submitted just over 77,400 IACS applications by the 15 May 1997 deadline. Targets for inspecting at least 5% of farms (including cases inspected via remote sensing) were met. Reports and statistics on the implementation of IACS were returned to the EU Commission on time. Details of all irregularities notified by UK Departments were submitted to the Commission on time each quarter.

CE1:03 – Arable Area Payments

Administration costs as a proportion of Arable Area Payments

Year	1995-96	1996-97	1997-1998
Administration	0.6%	0.8%	0.8%

Increased administrative efficiency is always a goal, but no target has been given as the level of payments varies greatly from one year to the next distorting this indicator.

98 % of claims by value have been processed by the relevant EU deadline (target 96.15 %).

CE1:11 – Oilseeds and other Arable Crops

The target of 96% of 1996 claims by value processed by the relevant EU deadlines for advance and final oilseeds and for main scheme payments was met.
The UK has set itself two targets for administration of the AAPS. Firstly, that at least 96.15% of claims by value should be processed by the relevant EU deadline; and secondly, that no more than 0.4% of scheme expenditure in any one year should be "disallowed" by the EU for reasons of lateness or inadequacy of financial controls. These targets were achieved for the 1996 scheme year.

CE1:13 – Alcohol and Alcoholic Drinks

The percentage of Export Certificates issued within the deadline was 100%. The percentage of enquiries to the Wine Standards Board from traders answered within the deadline was 100%.

CE1:21 – Sheep

UK policy aims to keep the administrative cost of the scheme as low as possible.

MAFF Administration costs as a percentage of programme expenditure

Year	1994-95	1995-96	1996-97	1997-1998
Sheep Annual Premium Scheme	2.0%	2.0%	2.5%	1.9%

While UK policy is to seek greater administrative efficiency, no target beyond 1997/98 is given, as the level of payments which make up the Programme costs can vary from one year to the next distorting this indicator.

CE2:11 – Improved Marketing

The administration cost (including specialist technical advice) as a percentage of grant expenditure was 6.8p per £1 of grant awarded under the Marketing Development Scheme and 3.1p per £1 awarded under the Processing and Marketing Grant.

CE2:20 – Plant Varieties and Seeds

MAFF has set a target of a zero or less than zero percentage change in the average cost of:

a) seed certification (i) per lot
(ii) per hectare
b) obtaining and retaining plant variety protection for a period of 5 years.
c) adding and maintaining a variety on the National List for a period of 5 years

In 1997-98, the average cost per seed lot (a)(i) increased by 1.54% and the cost per hectare (a)(ii) decreased by 1.99%. The cost of b) increased by 3.14% and c) decreased by 1.39%.

CE2:31 – Fishery Structures and Markets

Decommisioning of Fishing Vessels Scheme:

i) target of 98% of decisions on eligibility made within three weeks – achieved 100% in 1997

ii) target of 98% of claims paid within one week – achieved 100% in 1997

EU Fish Processing and Marketing Grants:)
EU Ports Facilities Grants:)
all applicants notified of outcome of project selection within four months of closure of each tranche.

CE2:34 – Fishery Management and Enforcement

The number of sightings by aerial surveillance was 9.0 per hour.

The number of boardings as part of surface surveillance was 1.65 per patrol day.

On land, the number of logbook returns and landing declarations processed per Inspectorate member was 1189.

CE2:41 – Land Use and Tenure

The percentage of planning applications referred to MAFF that received a full response within local planning authorities' deadlines was 96% in 1996-97.

IR1:01 – Audit

Performance would ideally be gauged by finding an indicator which measured the Department's probity and financial regularity. At a lower level, it is possible to measure the Audit team's efficiency and effectiveness in two ways:

(a) Quantitatively: this includes the time taken to issue reports to auditees (target six weeks: 1997-98 achieved seven weeks) and the percentage of recommendations accepted (target 75%: 1997-98 achieved 94%).

(b) Qualitatively: through a Customer Satisfaction Questionnaire asking auditees to rate audit performance on quality of recommendations and usefulness of the audit (target rating 60%: 1997-98 achieved 80%). In addition, the internal audit unit is a member of an inter-departmental quality review group where peer reviews of conformance with standards are undertaken.

The Ministry aims to keep the cost of audit to a minimum consistent with the need to provide an acceptable service. Constant reviews of procedures particularly the application of IT has allowed staff numbers to be reduced. Overall the cost of audit in 1997-98 was 0.07p per £ of MAFF gross expenditure (1996-97 was 0.07p per £; in 1995-96 also 0.07p per £).

IR1:03 – Legal Services

Performance Indicators for Legal Services

	1995-96	1996-97	Estimated Outturn 1997-98
Number of Bills	0	1	3
% deadlines met	n/a	n/a	n/a
Number of SIs	115	183	180
% deadlines met	92.5	90	90

IR1:04 – Economics and Statistics

The following performance indicators address the objective of minimising the cost to the Ministry and industry of maintaining and improving the Department's statistical database.

Performance indices in real terms 1994-1995 = 100

	1995-96	1996-97	1997-98	Target 1998-99
Cost to MAFF				
– NFS	100	90(a)	87(b)	90(c)
– FBS (d)	101	98	85	80
Cost to farmers of regular statistical surveys	85	80	70	65

(a) Fall due to re-tendering and the subsequent appointment of new contractors.
(b) Fall due to reduction in sample size.
(c) Increase due to extension of contract to include all data validation.
(d) Includes Special Studies.

IR1:05 – Information Technology Services

	1997-98 Target	1996-97 Outturn
% of IS/IT projects/enhancements completed to time and budget	93%	89.5%
% of central computer availability within the banded hours	98%	99.84%
Total value of all in-year benefits delivered by IT systems	£63.3 million	£58.6 million

IR2:01 – Financial Planning and Control

The Ministry's annual expenditure on goods, utilities, services and works totals close to £300 million. Almost 62% of this is on services with 24% on goods and utilities and 14% on works. Savings of £9.1 million for financial year 1995/96 were identified against a target of £7.2 million. For the financial year 1996/97 a savings target of £8.0 million had been set and initial findings are that savings of £11 million were achieved. These are subject currently to audit and review. The savings target for 1997/98 has been set at over £9 million.

IR2:02 – Staff Inspection and Consultancy

Performance would ideally be measured by an assessments which indicated at what level of resources the department would be running with maximum efficiency and effectiveness. At a lower level the efficiency of the Staff Inspectorate is measured:

a) quantitatively: this includes the percentage of reports issued to clients within the timescale agreed with clients (100% in 1996/97) and the amount of "direct" time devoted to assignment work (65% in 1996/97 covering all staff overheads); and

b) qualitatively: where Customer Satisfaction Questionnaires are sent to all clients asking for comments on a range of attributes including delivery and quality of advice. In 1996/97 a rating of 85% was achieved against a target of 60%.

RSC PERFORMANCE DATA (%) FOR FINANCIAL YEAR 1996/97 (UNLESS OTHERWISE SPECIFIED)

		Total
Arable Area Payments Scheme	Main payments	99
Oilseeds	Advanced payments	99
	Final payments	99
Beef Special Premium Scheme	Advance payments (1996)	98
	Balance payments (1995)	99
	CID applications issued (1996)	99
	Premium paid CIDs issued (1996	99
Suckler Cow Premium Scheme	Balance payments 1995	99
	Advance payments 1996	99
Hill Livestock Compensatory Allowances	Claims 1996	97
Sheep Annual Premium Scheme	Claims Marketing Year 1996 *(see 1 below)*	97
Agricultural Improvement Scheme	Plan Claims	100
Environmentally Sensitive Areas	Applications	97
	Claims	99
Environmentally Sensitive Areas Conservation Plan	Applications	97
	Claims	98
Farm & Conservation Grant Scheme 1989	Plan Claims	99
	Non Plan Claims *(See 2 below)*	58
Farm & Conservation Grant Scheme 1991	Plan Claims	97
Farm Woodland Premium Scheme	Applications	94
	Claims (1996)	99
Injurious Weeds	Complaints	99
Pilot Nitrate Sensitive Areas Scheme	Claims (1996)	100
New Nitrate Sensitive Areas Scheme	Applications (1996)	93
	Claims	98
Protection of Badgers Act 1992	Licence Applications	99
Five Year Set Aside Scheme	Claims	100
Strychnine Permits	Applications	97
Agricultural Wage Inspections	Complaints	91
Wildlife & Countryside Act	Licence Applications	98
Correspondence	Answered within 10 working days	97
Complaints	Numbers receiving response within 10 working days	88

Footnotes:

1 – Final payments made by 30 April 1997.

2 – The relatively high failure rate for F&CGS 1989 non-plan claims is due to a large number of claims being received in the month before the scheme closed, making it impossible to meet the Charter target in many cases.

General Notes:

(i) The total percentage has been calculated by setting the entire number of applications or claims cleared within the target time, against the total number received. Applications and claims not cleared due to reasons beyond our control (incorrect information supplied by applicant, etc.) are not included as failures to meet target.

(ii) The Farm & Conservation Grant Scheme (1991) Plan applications, the Farm Diversification Grant Scheme (Capital Items) Claims, and the Farm Diversification Grant Scheme (Feasibility & Marketing) Claims have all been omitted from the table, as the numbers involved are de-minimis.

(iii) 3 Citizens Charter complaints arising in the RSCs were referred to the MAFF Adjudicator during the year. 2 of these complaints were resolved, the other was referred to the Minister. 1 complaint from a previous year has been referred to the Parliamentary Commissioner for Administration and is currently under investigation.

Annex 19: List of Acronyms used in this Report

AAPS	–	Arable Area Payments Scheme
ACMSF	–	Advisory Committee on the Microbiological Safety of Food
ACNFP	–	Advisory Committee on Novel Foods and Processes
ACTIN	–	Alternative Crops Technology Interaction Network
ACP	–	Advisory Committee on Pesticides
ALC	–	Agricultural Land Classification
ALT	–	Agricultural Land Tribunals
ADI	–	Acceptable Daily Intake
APRC	–	Apple and Pear Research Council
AUK	–	Agriculture in the United Kingdom (publication)
AWB	–	Agricultural Wages Board
BBA	–	German Registration Authority
BCMS	–	British Cattle Movements Service
BBSR	–	Biotechnology and Biological Sciences Research Council
BSE	–	Bovine Spongiform Encephalopathy
BSPS	–	Beef Special Premium Scheme
BWMB	–	British Wool Marketing Board
BMPS	–	Beef Marketing Payments Scheme
CAC	–	Codex Alimentarius Commission (FAO/WHO)
CAP	–	Common Agricultural Policy
CC	–	Countryside Commission
CEFAS	–	Centre for Environment, Fisheries and Aquaculture Science
CEH	–	Centre for Ecology and Hydrology
CFP	–	Common Fisheries Policy
CGMA	–	Covent Garden Market Authority
CID	–	Cattle Identification Documents
CJD	–	Creutzfeldt-Jakob's Disease
COMA	–	Committee of Medical Aspects of Food and Nutrition Policy (DH)
COT	–	Committee on Toxicity of Chemicals in Food, Consumer Products and the Environment (DH)
CPAS	–	Calf Processing Aid Scheme
CPVO	–	Community Plant Variety Office
CSL	–	Central Science Laboratory
CSR	–	Comprehensive Spending Review
CTS	–	Cattle Tracing System
CVL	–	Central Veterinary Laboratory
DANI	–	Department of Agriculture for Northern Ireland
DETR	–	Department of Environment, Transport and the Regions
DFR	–	Directorate of Fisheries Research – now called CEFAS
DBES	–	Date Based Export Scheme
DH	–	Department of Health
EA	–	Environment Agency
EAGGF	–	European Agricultural Guidance and Guarantee Fund
ECHS	–	Export Certified Herds Scheme
ECN	–	Environmental Change Network

EHO	–	Environmental Health Office/r
EN	–	English Nature
ESA	–	Environmentally Sensitive Area
EP	–	European Parliament
EPTC	–	European Parliament Temporary Committee
EU	–	European Union
FABBL	–	Farm Assured British Beef and Lamb
FAC	–	Food Advisory Committee
FADN	–	Farm Accountancy Data Network
FAO	–	Food and Agriculture Organization [of the United Nations]
FAPAS	–	Food Analysis Performance Assessment Scheme
F&CGS	–	Farm and Conservation Grant Scheme
FAWC	–	Farm Animal Welfare Council
FWAG	–	Farming and Wildlife Advisory Group
FWPS	–	Farm Woodlands Premium Scheme
FBS	–	Farm Business Survey
FBT	–	Farm Business Tenancies
FEOGA	–	see EAGGF for English translation
FEPA	–	Food and Environment Protection Act 1985
FER	–	Fundamental Expenditure Review
FES	–	Family Expenditure Survey
FFB	–	Food From Britain
FRCA	–	Farming and Rural Conservation Agency
FSA	–	Food Safety Act 1990
FAWC	–	Farm Animal Welfare Council
FWAG	–	Farming and Wildlife Advisory Group
FWPS	–	Farm Woodland Premium Scheme
FWS	–	Farm Woodland Scheme
GATS	–	General Agreement on Trade in Services
GATT	–	General Agreement on Tariffs and Trade
GMO	–	Genetically Modified Organism
HACCP	–	Hazard Analysis and Critical Control Point
HDC	–	Horticulture Development Council
HGCA	–	Home Grown Cereals Authority
HLCA	–	Hill Livestock Compensatory Allowances
HMIP	–	Her Majestys Inspectorate of Pollution
HRI	–	Horticulture Research International
IACS	–	Integrated Administration and Control System
IAH	–	Institute for Animal Health
IB	–	Intervention Board
ICES	–	International Council for the Exploration of the Sea
ICM	–	Integrated Crop Management
IFR	–	Institute for Food Research
IGER	–	Institute of Grassland and Environmental Research
IPPC	–	Integrated Pollution Prevention and Control

Annex 19: List of Acronyms used in this Report

IT	–	Information Technology
ITE	–	Institute of Terrestrial Ecology
IWC	–	International Whaling Commission
JFSSG	–	Joint Food Safety and Standards Group
LEADER11	–	Liasons Entre Actions de Development de L'economie Rurale
LINK	–	Not an acronym of any kind but has usually been defined in the Research Strategies as "a mechanism to stimulate collaborative research between industry and governments on projects in key areas of science and technology"
LFA	–	Less Favoured Area
MAFF	–	Ministry of Agriculture, Fisheries and Food
MAGP	–	Multi-Annual Guidance Programme
MBM	–	Meat and Bone Meal
MDC	–	Milk Development Council
MDS	–	Marketing Development Scheme
MHS	–	Meat Hygiene Service
MLC	–	Meat and Livestock Commission
MRL	–	Maximum Residue Level
MRM	–	Mechanically Recovered Meat
NAO	–	National Audit Office
NBU	–	National Bee Unit
NDPB	–	Non Departmental Public Body
NIAB	–	National Institute of Agricultural Botany
NERC	–	Natural Environment Research Council
NFS	–	National Food Survey
NNR	–	National Nature Reserve
NATO	–	North Atlantic Treaty Organisation
NOTIS	–	Naturally Occurring Toxicants Information System
NRA	–	National Rivers Authority
NRPB	–	National Radiological Protection Board
NSA	–	Nitrate Sensitive Area
NTF	–	Nutrition Task Force
NVZ	–	Nitrate Vulnerable Zone
OCT	–	Overseas Countries and Territories
OECD	–	Organisation of Economic Cooperation and Development
OIE	–	Office International des Epizooties
OP	–	Organophosphorus Pesticide
OSPAR	–	Oslo & Paris Convention for the Protection of the North East Atlantic
OTMS	–	Over Thirty Month Scheme
PCA	–	Parliamentary Commissioner for Administration (Ombudsman)
PES	–	Public Expenditure Survey
PFI	–	Private Finance Initiative
PHSI	–	Plant Health and Seeds Inspectorate
PMI	–	Processing and Marketing Grant Scheme
PMB	–	Potato Marketing Board
PMS	–	Potato Marketing Scheme

Annex 19: List of Acronyms used in this Report

PSD	–	Pesticides Safety Directorate
PVRO	–	Plant Variety Rights Office
RAIFE	–	Radioactivity in Food and the Environment
RAMIS	–	Resource Accounting Management Information System
RBG	–	Royal Botanical Gardens
RNI	–	Reference Nutrient Intake
RPI	–	Retail Prices Index
RSC	–	Regional Service Centre (MAFF)
SAPS	–	Sheep Annual Premium Scheme
SBM	–	Specified Bovine Material
SBO	–	Specified Bovine Offal
SBREC	–	Sugar Beet Research and Education Committee
SCF	–	Scientific Committee for Food [EU]
SCPS	–	Suckler Cow Premium Scheme
SCVC	–	Scientific Veterinary Committee
SEAC	–	Spongiform Encephalopathy Advisory Committee
SFI	–	Sea Fisheries Inspectorate
SFIA	–	Sea Fish Industry Authority
SGCAFS	–	Steering Group on Chemical Aspects of Food Surveillance
SGM	–	Standard Gross Margin
SME	–	Small and Medium sized Enterprises
SOAEFD	–	Scottish Office Agriculture, Environment and Fisheries Department
SMP	–	Skimmed Milk Powder
SSSI	–	Site of Special Scientific Interest
SVC	–	Standing Veterinary Committee
SVS	–	State Veterinary Service
TB	–	Tuberculosis
TCI	–	Temporary Committee of Inquiry
TSE	–	Transmissible Spongiform Encephalopathies
TSO	–	Trading Standards Office/r
UKROFS	–	United Kingdom Register of Organic Food Standards
UNECE	–	UN Economic Commission for Europe
VHS	–	Viral Haemorrhagic Septkeamia
VLA	–	Veterinary Laboratories Agency
VMD	–	Veterinary Medicines Directorate
VPC	–	Veterinary Products Committee
WGS	–	Woodland Grant Scheme
WHO	–	World Health Organization [of the United Nations]
WOAD	–	Welsh Office Agriculture Department
WPPR	–	Working Party on Pesticide Residues
WSB	–	Wine Standards Board
WTO	–	World Trade Organisation

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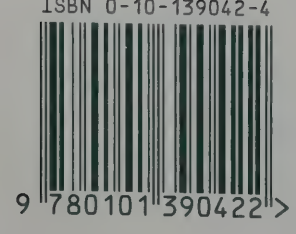
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Iain Renvoize
Ministry of Agriculture, Fisheries and Food
Room 432
19-29 Woburn Place
London
WC1 OLU
Telephone: 0171 917 3700 (GTN 3931 3700)
Fax: 0171 917 3702 (GTN 3931 3702)

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